



Staff Report

TO: Honorable Mayor and Members of the Town Council
FROM: Sean Rabé, Town Manager
DATE: May 10, 2022
RE: Participation in the California Municipal Finance Authority BOLD Program

Recommendation

Staff recommends the following three actions:

1. Receive information regarding the California Municipal Finance Authority (“CMFA”) Bond Opportunities for Land Development (“BOLD Program”)
2. Adopt a resolution Joining the CMFA as a member
3. Adopt a resolution Authorizing Use of CMFA’s BOLD Program

Issue Statement and Discussion

Town staff has been provided information regarding a program referred to as the “BOLD Program” for financing infrastructure for new development within the Town through a program offered by the California Municipal Finance Authority. This program is used by most other cities in Placer County, in Placer County itself, and in most nearby communities, as a cost-effective way for municipalities to facilitate infrastructure financing for new developments.

A key advantage for the Town is the turnkey nature of the program since the district formation, bond issuance, and post-bond issuance requirements will be handled by CMFA. Implementation of the CMFA program will not impact Town staff, since BOLD uses its own administrators to run the program. The Town is not obligated to repay bonds issued by the CMFA, nor to pay assessments levied on the participating properties. This greatly simplifies the process of issuing development bonds for the Town and shifts the financial risk from the Town.

As Council knows, the Town requires developers to establish some sort of a financing mechanism to fund ongoing maintenance of development projects. That mechanism has been a maintenance district in the past, whereby the Town must take action each year to place a tax assessment on the properties of each maintenance district. That assessment shows the Town as the taxing entity. If the Council approves the BOLD program, we can use the BOLD program to place that tax assessment on the new development – meaning that the taxing entity will be CMFA. The Town then receives the funding from CMFA, rather than the County. This streamlines the process immensely for Staff.

For these two reasons, Staff strongly recommends Council adopt the two attached resolutions.

Background on CMFA. The Town would become a member of CMFA, a State-wide joint powers authority (“JPA”) whose members are numerous public entities throughout California. The CMFA has the authority to act on behalf of its members to provide a variety of services to its member public agencies, including formation of community facilities districts and issuance of bonds to meet its mission of supporting economic development, job creation and social programs throughout the State of California, while giving back to California communities. By supporting member communities and their local charities with a portion of the revenue generated through the issuance of tax-exempt bonds for public, private and non-profit entities, the CMFA is able to directly contribute to building strong communities to support the health and welfare of the residents of California.

Background on the BOLD Program. CMFA recognizes that new residential development often challenges the mission of municipalities to provide infrastructure and schools, since new development triggers the need to construct, acquire, or otherwise provide additional public facilities to accommodate that growth. The BOLD Program offers a means to finance new or continuing construction of infrastructure and public facilities through bonds the CMFA issues as an alternative to issuance of land-secured bonds directly by a public entity. Similarly CMFA can facilitate the levy of special taxes for payment of increased public service levels required by new development. The BOLD Program is designed to help local government municipalities, schools and land developers throughout the State work together to cost effectively finance public infrastructure projects, development fees and public services needed for and attributable to new development.

Under the BOLD Program, bonds are issued by a community facilities district (“CFD”) formed by the CMFA under the Mello-Roos Community Facilities Act of 1982 (California Government Code Section 53311 et seq.) (the “Act”). The bonds are payable from special taxes to be levied on new development. The Act offers great financing flexibility and is commonly used by cities, schools and other local agencies throughout the State to generate funds for the payment of public facilities, including development fees for facilities, and public services.

Financing Team. The BOLD Program is handled by a team of bond industry professionals with significant experience in CFDs in the State. All have highly specialized expertise in CFD bond issuance and sales and are consistently ranked among the top firms in the field. In addition, if the Town desires to use a municipal advisor of its own choosing to review the BOLD Program application and/or other program documents may do so, with all related costs payable from bond proceeds or developer deposits to CMFA. Specifically, the BOLD Program utilizes Jones Hall for bond counsel, Goodwin Consulting Group, Inc. for special tax consulting services, and Piper Sandler & Co. for underwriting services.

Benefits of BOLD Program to Local Governments. Although the CFD would be formed within the Town’s jurisdiction, little involvement is required. The Town Council is only required to take a single action to approve participation in the BOLD Program and CMFA thereafter works with staff to ensure the program is meeting any goals the Town sets. The CMFA and its consultant team will form and approve each CFD, the CMFA will issue bonds on behalf of the CFD and will utilize the services of a special tax consultant and administrator to create the special tax formula and administer, levy, collect the special taxes. By working directly with developers, the BOLD Program facilitates financing for infrastructure, fee and public services obligations of developers, covering a broad range of development cost obligations necessary for new development imposed by municipalities, including both facilities and services. Using the BOLD Program alleviates staff time constraints and allows staff to focus on other aspects of processing land development projects.

Determining Special Tax Rate. Formation of the CFD requires the establishment of the annual special tax rates. The formula for computing special tax rates will be included in the resolutions to be adopted by the CMFA Board as part of the CFD formation proceedings. Typically, the formula will include a basic, undeveloped land tax with an increase in rate and shifting of the tax to developed lands at building permit stage. The total amount of taxes on developed land generally will not exceed 2% of its market value in its completed state, per industry standards.

CMFA’s BOLD policies are attached to this Staff report. By joining CMFA the Town will fall under CMFA’s policies.

Bond Issuance. Bonds to finance facilities are issued through the CMFA, with little involvement from local agencies needed for the issuance process. The Town will need to approve the use of a CFD to acquire public facilities and the financing thereof, and enter into an acquisition or similar agreement to receive the bond proceeds, and to meet the general requirements to maintain the tax exemption of interest on the bonds. The CMFA adopts the resolutions needed to authorize and issue the special tax bonds and awards the sale to the bond underwriter.

Use of Bond Proceeds. Once the bond issuance occurs, bond proceeds are available to be disbursed. The proceeds are held by a bond trustee and are not directly paid to the developer but are available as directed by the developer and approved by the local agency, to be used to meet obligations to the Town according to the structure and timing required for development approvals. Pursuant to an acquisition

agreement or similar document, the Town will determine and agree to its role in inspecting and accepting infrastructure and/or payment of financed impact fees.

Underwriting for Bond Issuance. The CFD may be formed early in the development process, with issuance of bonds at a later time or in multiple series. Credit criteria will be reviewed by the underwriting team on a case-by-case basis to assure reasonable interest rates at the time of issuance. Additionally, similar credits can be pooled together into a single bond issue with pooling flexibility assuring the most cost-effective bond issuance for each project.

Administration of the Bonds and the CFD. Administration of all aspects of the BOLD Program is handled by the CMFA, without cost to or burden on the Town. Federal regulations require annual disclosures to bond investors of information related to the bonds and the development project. BOLD Program administrators will handle this continuing disclosure reporting in consultation with developers. Special taxes collected for public services are forwarded to the member entity as received from the County.

Giving Back to Local Communities. The CMFA shares a portion of its issuance fees directly with its member communities. In addition, a grant from a portion of the issuance fee is made to the California Foundation for Stronger Communities ("CFSC") to fund charities designated by the member communities. A portion of the annual fees received by the CMFA are in turn directed to charitable activities within California communities, particularly those of members and participating local government agencies. This unique commitment to give back directly to the communities in which they operate sets CMFA apart from other JPA conduit issuers.

Information for Bond Marketing. Tax-exempt municipal bonds are sold through an offering document known as an Official Statement, which describes to potential purchasers of the bonds the terms, security and repayment of the bonds and details about the property securing the bonds. Since, prior to home sales, the land is owned by the developer entity(ies), relevant information for the Official Statement needs to describe the developer and the development plan. The financing team will work with the developer to provide the required information and approve the final language to be provided to prospective bond buyers.

Disclosure of Special Tax to Home Buyers. California law requires developers to disclose to home buyers the lien of any CFD special tax which will be present on the purchased property. The form of disclosure is simple and becomes part of the various sale documents presented to buyers for signature prior to a home sale.

Conclusion and Recommendation

The BOLD program is a cost-effective and relevant form of land secured financing, and the more cost effective a bond financing is, the greater overall public benefit there is, as more bond proceeds are available for the acquisition of public infrastructure, and the end property owner (homeowner) is able to take advantage of the benefit of long-term financing of certain elements of the home's cost. Similarly, the BOLD program provides a vehicle for development to meet its obligation to pay its own way for additional public services needed as a result of new development. Utilization of the BOLD Program is a partial solution to the significant understaffing, deficiencies and inefficiencies the Town may experience as it attempts to balance the workload of a multiplicity of large land development projects and other staffing obligations.

The development community has expressed a desire for the Town to adopt and implement the BOLD Program and it is an offering of CMFA that the Town, as a member of CMFA is entitled to utilize. It is recommended that the Town hold a public hearing on the BOLD Program, adopt a resolution joining CMFA as a member, and adopt a resolution authorizing the BOLD Program within the Town's boundaries.

CEQA Requirements

There are no CEQA implications associated with the recommended action.

Financial and/or Policy Implications

None. There is no cost or liability for the Town to join CMFA as a member. In addition, all of the costs and expenses related to the formation, issuance of bonds and ongoing administration for any CFD formed by the BOLD program is the responsibility of CMFA and there is no liability or fiscal impact on the local agency.

Attachments

- A. Resolution Approving, Authorizing, and Directing Execution of a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority
- B. CMFA Joint Powers Agreement Form
- C. Resolution Authorizing Use of the Bond Opportunities for Land Development (“Bold”) Program and Authorizing the California Municipal Finance Authority to Accept Applications from Property Owners, Conduct Proceedings and Levy Special Taxes Within the Territory of Town of Loomis Pursuant to the Mello-Roos Community Facilities Act of 1982, as amended; and Authorizing Related Actions
- D. CMFA Goals and Policies

TOWN OF LOOMIS

RESOLUTION NO. 22- XX

**RESOLUTION APPROVING, AUTHORIZING, AND DIRECTING
EXECUTION OF A JOINT EXERCISE OF POWERS AGREEMENT
RELATING TO THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY**

WHEREAS, pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), certain public agencies (the "Members") have entered into a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the "Agreement") in order to form the California Municipal Finance Authority (the "Authority"), for the purpose of promoting economic, cultural and community development and in order to exercise any powers common to the Members, including the issuance of bonds, notes or other evidences of indebtedness; and

WHEREAS, the Town of Loomis (the "Town"), has determined that it is in the public interest and for the public benefit that the Town become a Member of the Authority in order to facilitate the promotion of economic, cultural and community development activities in the Town, including the financing of projects and public services by the Authority; and

WHEREAS, there is now before this Town Council the form of the Agreement; and

WHEREAS, the Agreement has been filed with the Town, and the members of the Town Council, with the assistance of its staff, have reviewed said document;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF LOOMIS AS FOLLOWS:

Section 1. The Agreement is hereby approved and the Mayor or the designee thereof is hereby authorized and directed to execute said document, and the Mayor or the designee thereof is hereby authorized and directed to attest thereto.

Section 2. The executing officers(s), the Town Manager and all other proper officers and officials of the Town are hereby authorized and directed to execute such other agreements, documents and certificates, and to perform such other acts and deeds, as may be necessary or convenient to effect the purposes of this Resolution and the transactions herein authorized.

Section 3. The Town shall forward a certified copy of this Resolution and an originally executed Agreement to the Authority in care of its counsel:

Ronald E. Lee, Esq.
Jones Hall, APLC
475 Sansome Street, Suite 1700
San Francisco, CA 94111

Section 4. This Resolution shall take effect immediately upon its passage.

ADOPTED by the Town Council of the Town of Loomis at a regular meeting of said Town Council held on the _____ day of _____, 2022, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Mayor

ATTEST:

Deputy Town Clerk

**JOINT EXERCISE OF POWERS AGREEMENT
RELATING TO THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY**

THIS AGREEMENT, dated as of January 1, 2004, among the parties executing this Agreement (all such parties, except those which have withdrawn as provided herein, are referred to as the “Members” and those parties initially executing this Agreement are referred to as the “Initial Members”):

WITNESSETH

WHEREAS, pursuant to Title 1, Division 7, Chapter 5 of the California Government Code (in effect as of the date hereof and as the same may from time to time be amended or supplemented, the “Joint Exercise of Powers Act”), two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, each of the Members is a “public agency” as that term is defined in Section 6500 of the Joint Exercise of Powers Act; and

WHEREAS, each of the Members is empowered by law to promote economic, cultural and community development, including, without limitation, the promotion of opportunities for the creation or retention of employment, the stimulation of economic activity, the increase of the tax base, and the promotion of opportunities for education, cultural improvement and public health, safety and general welfare; and

WHEREAS, each of the Members may accomplish the purposes and objectives described in the preceding preamble by various means, including through making grants, loans or providing other financial assistance to governmental and nonprofit organizations; and

WHEREAS, each Member is also empowered by law to acquire and dispose of real property for a public purpose; and

WHEREAS, the Joint Exercise of Powers Act authorizes the Members to create a joint exercise of powers entity with the authority to exercise any powers common to the Members, as specified in this Agreement and to exercise the additional powers granted to it in the Joint Exercise of Powers Act and any other applicable provisions of the laws of the State of California; and

WHEREAS, a public entity established pursuant to the Joint Exercise of Powers Act is empowered to issue or execute bonds, notes, commercial paper or any other evidences of indebtedness, including leases or installment sale agreements or certificates of participation therein (herein “Bonds”), and to otherwise undertake financing programs under the Joint Exercise of Powers Act or other applicable provisions of the laws of the State of California to accomplish its public purposes; and

WHEREAS, the Members have determined to specifically authorize a public entity authorized pursuant to the Joint Exercise of Powers Act to issue Bonds pursuant to the Joint Exercise of Powers Act or other applicable provisions of the laws of the State of California; and

WHEREAS, it is the desire of the Members to use a public entity established pursuant to the Joint Exercise of Powers Act to undertake the financing and/or refinancing of projects of any nature, including, but not limited to, capital or working capital projects, insurance, liability or retirement programs or facilitating Members use of existing or new financial instruments and mechanisms; and

WHEREAS, it is further the intention of the Members that the projects undertaken will result in significant public benefits to the inhabitants of the jurisdictions of the Members; and

WHEREAS, by this Agreement, each Member desires to create and establish the “California Municipal Finance Authority” for the purposes set forth herein and to exercise the powers provided herein;

NOW, THEREFORE, the Members, for and in consideration of the mutual promises and agreements herein contained, do agree as follows:

Section 1. Purpose.

This Agreement is made pursuant to the provisions of the Joint Exercise of Powers Act. The purpose of this Agreement is to establish a public entity for the joint exercise of powers common to the Members and for the exercise of additional powers given to a joint powers entity under the Joint Powers Act or any other applicable law, including, but not limited to, the issuance of Bonds for any purpose or activity permitted under the Joint Exercise of Powers Act or any other applicable law. Such purpose will be accomplished and said power exercised in the manner hereinafter set forth.

Section 2. Term.

This Agreement shall become effective in accordance with Section 17 as of the date hereof and shall continue in full force and effect until such time as it is terminated in writing by all the Members; provided, however, that this Agreement shall not terminate or be terminated until all Bonds issued or caused to be issued by the Authority (defined below) shall no longer be outstanding under the terms of the indenture, trust agreement or other instrument pursuant to which such Bonds are issued, or unless a successor to the Authority assumes all of the Authority’s debts, liabilities and obligations.

Section 3. Authority.

A. CREATION AND POWERS OF AUTHORITY.

Pursuant to the Joint Exercise of Powers Act, there is hereby created a public entity to be known as the “California Municipal Finance Authority” (the “Authority”), and said Authority shall be a public entity separate and apart from the Members. Its

debts, liabilities and obligations do not constitute debts, liabilities or obligations of any Members.

B. BOARD.

The Authority shall be administered by the Board of Directors (the “Board,” or the “Directors” and each a “Director”) of the California Foundation for Stronger Communities, a nonprofit public benefit corporation organized under the laws of the State of California (the “Foundation”), with each such Director serving in his or her individual capacity as a Director of the Board. The Board shall be the administering agency of this Agreement and, as such, shall be vested with the powers set forth herein, and shall administer this Agreement in accordance with the purposes and functions provided herein. The number of Directors, the appointment of Directors, alternates and successors, their respective terms of office, and all other provisions relating to the qualification and office of the Directors shall be as provided in the Articles and Bylaws of the Foundation, or by resolution of the Board adopted in accordance with the Bylaws of the Foundation.

All references in this Agreement to any Director shall be deemed to refer to and include the applicable alternate Director, if any, when so acting in place of a regularly appointed Director.

Directors may receive reasonable compensation for serving as such, and shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a Director, if the Board shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

The Foundation may be removed as administering agent hereunder and replaced at any time by amendment of this Agreement approved as provided in Section 16; provided that a successor administering agent of this Agreement has been appointed and accepted its duties and responsibilities under this Agreement.

C. OFFICERS; DUTIES; OFFICIAL BONDS.

The officers of the Authority shall be the Chair, Vice-Chair, Secretary and Treasurer (defined below). The Board, in its capacity as administering agent of this Agreement, shall elect a Chair, a Vice-Chair, and a Secretary of the Authority from among Directors to serve until such officer is re-elected or a successor to such office is elected by the Board. The Board shall appoint one or more of its officers or employees to serve as treasurer, auditor, and controller of the Authority (the “Treasurer”) pursuant to Section 6505.6 of the Joint Exercise of Powers Act to serve until such officer is re-elected or a successor to such office is elected by the Board.

Subject to the applicable provisions of any resolution, indenture, trust agreement or other instrument or proceeding authorizing or securing Bonds (each such resolution, indenture, trust agreement, instrument and proceeding being herein referred to as an “Indenture”) providing for a trustee or other fiscal agent, and except as may otherwise be

specified by resolution of the Board, the Treasurer is designated as the depository of the Authority to have custody of all money of the Authority, from whatever source derived and shall have the powers, duties and responsibilities specified in Sections 6505, 6505.5 and 6509.5 of the Joint Exercise of Powers Act.

The Treasurer of the Authority is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall file an official bond with the Secretary of the Authority in the amount specified by resolution of the Board but in no event less than \$1,000.

The Board shall have the power to appoint such other officers and employees as it may deem necessary and to retain independent counsel, consultants and accountants.

The Board shall have the power, by resolution, to the extent permitted by the Joint Exercise of Power Act or any other applicable law, to delegate any of its functions to one or more of the Directors or officers, employees or agents of the Authority and to cause any of said Directors, officers, employees or agents to take any actions and execute any documents or instruments for and in the name and on behalf of the Board or the Authority.

D. MEETINGS OF THE BOARD.

(1) Ralph M. Brown Act.

All meetings of the Board, including, without limitation, regular, adjourned regular, special, and adjourned special meetings shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the Government Code of the State of California), or any successor legislation hereinafter enacted (the "Brown Act").

(2) Regular Meetings.

The Board shall provide for its regular meetings; provided, however, it shall hold at least one regular meeting each year. The date, hour and place of the holding of the regular meetings shall be fixed by resolution of the Board. To the extent permitted by the Brown Act, such meetings may be held by telephone conference.

(3) Special Meetings.

Special meetings of the Board may be called in accordance with the provisions of Section 54956 of the Government Code of the State of California. To the extent permitted by the Brown Act, such meetings may be held by telephone conference.

(4) Minutes.

The Secretary of the Authority shall cause to be kept minutes of the regular, adjourned regular, special, and adjourned special meetings of the Board and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each Director.

(5) Quorum.

A majority of the Board shall constitute a quorum for the transaction of business. No action may be taken by the Board except upon the affirmative vote of a majority of the Directors constituting a quorum, except that less than a quorum may adjourn a meeting to another time and place.

E. RULES AND REGULATIONS.

The Authority may adopt, from time to time, by resolution of the Board such rules and regulations for the conduct of its meetings and affairs as may be required.

Section 4. Powers.

The Authority shall have the power, in its own name, to exercise the common powers of the Members and to exercise all additional powers given to a joint powers entity under any of the laws of the State of California, including, but not limited to, the Joint Exercise of Powers Act, for any purpose authorized under this Agreement. Such powers shall include the common powers specified in this Agreement and may be exercised in the manner and according to the method provided in this Agreement. The Authority is hereby authorized to do all acts necessary for the exercise of such power, including, but not limited to, any of all of the following: to make and enter into contracts; to employ agents and employees; to acquire, construct, provide for maintenance and operation of, or maintain and operate, any buildings, works or improvements; to acquire, hold or dispose of property wherever located; to incur debts, liabilities or obligations; to receive gifts, contributions and donations of property, funds, services, and other forms of assistance from person, firms, corporations and any governmental entity; to sue and be sued in its own name; to make grants, loans or provide other financial assistance to governmental and nonprofit organizations (e.g., the Members or the Foundation) to accomplish any of its purposes; and generally to do any and all things necessary or convenient to accomplish its purposes.

Without limiting the generality of the foregoing, the Authority may issue or cause to be issued Bonds, and pledge any property or revenues as security to the extent permitted under the Joint Exercise of Powers Act, or any other applicable provision of law; provided, however, the Authority shall not issue Bonds with respect to any project located in the jurisdiction of one or more Members unless the governing body of any such Member, or its duly authorized representative, shall approve, conditionally or unconditionally, the project, including the issuance of Bonds therefor. Such approval may be evidenced by resolution, certificate, order, report or such other means of written approval of such project as may be selected by the Member (or its authorized representative) whose approval is required. No such approval shall be required in

connection with Bonds that refund Bonds previously issued by the Authority and approved by the governing board of a Member.

The manner in which the Authority shall exercise its powers and perform its duties is and shall be subject to the restrictions upon the manner in which a California general law city could exercise such powers and perform such duties. The manner in which the Authority shall exercise its powers and perform its duties shall not be subject to any restrictions applicable to the manner in which any other public agency could exercise such powers or perform such duties, whether such agency is a party to this Agreement or not.

Section 5. Fiscal Year.

For the purposes of this Agreement, the term “Fiscal Year” shall mean the fiscal year as established from time to time by resolution of the Board, being, at the date of this Agreement, the period from July 1 to and including the following June 30, except for the first Fiscal Year which shall be the period from the date of this Agreement to June 30, 2004.

Section 6. Disposition of Assets.

At the end of the term hereof or upon the earlier termination of this Agreement as set forth in Section 2, after payment of all expenses and liabilities of the Authority, all property of the Authority both real and personal shall automatically vest in the Members in the manner and amount determined by the Board in its sole discretion and shall thereafter remain the sole property of the Members; provided, however, that any surplus money on hand shall be returned in proportion to the contributions made by the Members.

Section 7. Bonds.

From time to time the Authority shall issue Bonds, in one or more series, for the purpose of exercising its powers and raising the funds necessary to carry out its purposes under this Agreement.

The services of bond counsel, financing consultants and other consultants and advisors working on the projects and/or their financing shall be used by the Authority. The expenses of the Board shall be paid from the proceeds of the Bonds or any other unencumbered funds of the Authority available for such purpose.

Section 8. Bonds Only Limited and Special Obligations of Authority.

The Bonds, together with the interest and premium, if any, thereon, shall not be deemed to constitute a debt of any Member or pledge of the faith and credit of the Members or the Authority. The Bonds shall be only special obligations of the Authority, and the Authority shall under no circumstances be obligated to pay the Bonds except from revenues and other funds pledged therefor. Neither the Members nor the Authority shall be obligated to pay the principal of, 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 nor the faith and credit of the Authority shall be pledged to the payment of the

principal of, premium, if any, or interest on the Bonds nor shall the Members or the Authority in any manner be obligated to make any appropriation for such payment.

No covenant or agreement contained in any Bond or related document shall be deemed to be a covenant or agreement of any Director, or any officer, employee or agent of the Authority in his or her individual capacity and neither the Board of the Authority nor any Director or officer thereof executing the Bonds shall be liable personally on any Bond or be subject to any personal liability or accountability by reason of the issuance of any Bonds.

Section 9. Accounts and Reports.

All funds of the Authority shall be strictly accounted for. The Authority shall establish and maintain such funds and accounts as may be required by good accounting practice and by any provision of any Indenture (to the extent such duties are not assigned to a trustee of Bonds). The books and records of the Authority shall be open to inspection at all reasonable times by each Member.

The Treasurer of the Authority shall cause an independent audit to be made of the books of accounts and financial records of the Authority by a certified public accountant or public accountant in compliance with the provisions of Section 6505 of the Joint Exercise of Powers Act. In each case 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 such 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 county auditor of each county in which a Member is located; provided, however, that to the extent permitted by law, the Authority may, instead of filing such report with each Member and such county auditor, elect to post such report as a public record electronically on a website designated by the Authority. Such report if made shall be filed within 12 months of the end of the Fiscal Year or Years under examination.

The Treasurer is hereby directed to report in writing on the first day of July, October, January, and April of each year to the Board and the Members which report shall describe the amount of money held by the Treasurer for the Authority, the amount of receipts since the last such report, and the amount paid out since the last such report (which may exclude amounts held by a trustee or other fiduciary in connection with any Bonds to the extent that such trustee or other fiduciary provided regular reports covering such amounts.)

Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants in making an audit pursuant to this Section, shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for that purpose.

In any Fiscal Year the Board may, by resolution adopted by unanimous vote, replace the annual special audit with an audit covering a two-year period.

Section 10. Funds.

Subject to the applicable provisions of any Indenture, which may provide for a trustee or other fiduciary to receive, have custody of and disburse Authority funds, the Treasurer of the Authority shall receive, have the custody of and disburse Authority funds pursuant to the accounting procedures developed under Sections 3.C and 9, and shall make the disbursements required by this Agreement or otherwise necessary to carry out any of the provisions of purposes of this Agreement.

Section 11. Notices.

Notices and other communications hereunder to the Members shall be sufficient if delivered to the clerk of the governing body of each Member; provided, however, that to the extent permitted by law, the Authority may, provide notices and other communications and postings electronically (including, without limitation, through email or by posting to a website).

Section 12. Additional Members/Withdrawal of Members.

Qualifying public agencies may be added as parties to this Agreement and become Members upon: (1) the filing by such public agency with the Authority of an executed counterpart of this Agreement, together with a copy of the resolution of the governing body of such public agency approving this Agreement and the execution and delivery hereof; and (2) adoption of a resolution of the Board approving the addition of such public agency as a Member. Upon satisfaction of such conditions, the Board shall file such executed counterpart of this Agreement as an amendment hereto, effective upon such filing.

A 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 so long as any Bonds remain outstanding. Any such withdrawal shall be effective only upon receipt of the notice of withdrawal by the Board which shall acknowledge receipt of such notice of withdrawal in writing and shall file such notice as an amendment to this Agreement effective upon such filing.

Section 13. Indemnification.

To the full extent permitted by law, the Board may authorize indemnification by the Authority of any person who is or was a Director or an officer, employee of 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 Director or an officer, employee or other agent of the Authority, against expenses, including attorneys fees, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding, if such person acted in good faith 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 the conduct of such person 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.

Section 14. Contributions and Advances.

Contributions or advances of public funds and of the use of personnel, equipment or property may be made to the Authority by the Members for any of the purposes of this Agreement. Payment of public funds may be made to defray the cost of any such contribution or advance. Any such advance may be made subject to repayment, and in such case shall be repaid, in the manner agreed upon by the Authority and the Member making such advance at the time of such advance. It is mutually understood and agreed to that no Member has any obligation to make advances or contributions to the Authority to provide for the costs and expenses of administration of the Authority, even though any Member may do so. The Members understand and agree that a portion of the funds of the Authority that otherwise may be allocated or distributed to the Members may instead be used to make grants, loans or provide other financial assistance to governmental units and nonprofit organizations (e.g., the Foundation) to accomplish any of the governmental unit's or nonprofit organization's purposes.

Section 15. Immunities.

All of the privileges and immunities from liabilities, exemptions from laws, ordinances and rules, and other benefits which apply to the activity of officers, agents or employees of Members when performing their respective functions within the territorial limits of their respective public agencies, shall apply to the same degree and extent to the Directors, officers, employees, agents or other representatives of the Authority while engaged in the performance of any of their functions or duties under the provisions of this Agreement.

Section 16. Amendments.

Except as provided in Section 12 above, this Agreement shall not be amended, modified, or altered, unless the negative consent of each of the Members is obtained. To obtain the negative consent of each of the Members, the following negative consent procedure shall be followed: (a) the Authority shall provide each Member with a notice at least sixty (60) days prior to the date such proposed amendment is to become effective explaining the nature of such proposed amendment and this negative consent procedure; (b) the Authority shall provide each Member who did not respond a reminder notice with a notice at least thirty (30) days prior to the date such proposed amendment is to become effective; and (c) if no Member objects to the proposed amendment in writing within sixty (60) days after the initial notice, the proposed amendment shall become effective with respect to all Members.

Section 17. Effectiveness.

This Agreement shall become effective and be in full force and effect and a legal, valid and binding obligation of each of the Members on the date that the Board shall have received from two of the Initial Members an executed counterpart of this Agreement, together with a certified copy of a resolution of the governing body of each such Initial Member approving this Agreement and the execution and delivery hereof.

Section 18. Partial Invalidity.

If any one or more of the terms, provisions, promises, covenants or conditions of this Agreement shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

Section 19. Successors.

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 other Members.

Section 20. Miscellaneous.

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.

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.

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

This Agreement shall be governed under the laws of the State of California.

This Agreement is the complete and exclusive statement of the agreement among the Members, which supercedes and merges all prior proposals, understandings, and other agreements, whether oral, written, or implied in conduct, between and among the Members relating to the subject matter of this Agreement.

IN WITNESS WHEREOF, the _____ has caused this Agreement to be executed and attested by its duly authorized representatives as of the ___ day of _____, 20__.

Member:

[NAME OF MEMBER]

By _____

Name:

Title:

ATTEST:

___ Clerk

TOWN OF LOOMIS

RESOLUTION NO. 22-XX

RESOLUTION AUTHORIZING USE OF THE BOND OPPORTUNITIES FOR LAND DEVELOPMENT (“BOLD”) PROGRAM AND AUTHORIZING THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY TO ACCEPT APPLICATIONS FROM PROPERTY OWNERS, CONDUCT PROCEEDINGS AND LEVY SPECIAL TAXES WITHIN THE TERRITORY OF TOWN OF LOOMIS PURSUANT TO THE MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982, AS AMENDED; AND AUTHORIZING RELATED ACTIONS

WHEREAS, the California Municipal Finance Authority (the “CMFA”) is a joint exercise of powers authority the members of which include numerous cities, counties and other local agencies in the State of California (the “State”); and

WHEREAS, Town of Loomis (the “Town”) has adopted on the date hereof a resolution to join the CMFA as a member; and

WHEREAS, the CMFA has established the Bond Opportunities for Land Development Program (the “BOLD Program”) to allow the financing of certain public facilities and/or certain development impact fees that finance certain public facilities (together, the “Improvements”) to be owned by and/or certain public services (the “Services”) associated with new development and to be provided by local agencies in the State through the levy of special taxes under the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”); and

WHEREAS, the CMFA from time to time may be requested by owners of land within the Town to utilize the BOLD Program for the financing of Improvements and/or Services related to new development within the Town which Improvements will be financed for acquisition by the Town or to finance impact fees payable to the Town and/or Services to be provided by the Town in connection with new development; and

WHEREAS, the Town desires to allow the owners of property to be developed within the non-incorporated portions of the Town to participate in the BOLD Program (“Participating Developers”) and to allow the CFMA to conduct proceedings under the Act to form community facilities districts (“CFDs”) from time to time under the Act, to levy special taxes within such CFDs, and to issue bonds secured by such special taxes under the Act to finance the Improvements and/or Services, provided that such Participating Developers voluntarily agree to participate and consent to the levy of such special taxes and the issuance of such bonds and/or special taxes; and

WHEREAS, property owners within the jurisdiction of the Town may in the future elect to be Participating Developers upon obtaining approval of the CMFA, and the CMFA may conduct proceedings under the Act to form a CFD, levy special taxes within such CFD and issue bonds secured by such special taxes to finance Improvements and/or levy special taxes to pay for Services; and

WHEREAS, the Town will not be responsible for the conduct of any proceedings under the Act for the formation of any CFD; the levy or collection of special taxes for any CFD or any

required remedial action in the case of delinquencies in any special tax payments, or the issuance, sale or administration of any bonds issued in connection with the BOLD Program; and

WHEREAS, the Town finds that the BOLD program offered by the CMFA can provide significant public benefits, and in conformance with Government Code Section 6586.5 relating to the issuance of bonds by a joint powers authority of which the Town is a member, notice was published at least five days prior to the adoption of this resolution at a public hearing, which was duly conducted by this Council concerning the significant public benefits of the BOLD Program and the bond financing of the Improvements from time to time;

NOW, THEREFORE, BE IT RESOLVED, by the Town Council of the Town as follows:

Section 1. The use of the BOLD Program in connection with the financing of Improvements and/or Services is hereby authorized and approved. The appropriate officials and staff are hereby authorized and directed to allow BOLD Program participation to be available to property owners who are subject to the payment of fees for new development and/or who are conditioned to install public improvements or pay for public services in connection with new development.

Section 2. The Town hereby finds and declares that the issuance of bonds by the CMFA in connection with the BOLD Program will provide significant public benefits, including without limitation, savings in effective interest rate, bond preparation, bond underwriting and bond issuance costs and the more efficient delivery of local agency services to residential and commercial development within the Town.

Section 3. In connection with the formation of CFDs and issuance of bonds from time to time by the CMFA for the BOLD Program, a form of acquisition agreement, joint community facilities agreements or similar agreement will be required to be entered into, and the form of such agreement will be subject to approval by appropriate staff of the Town. The Town Council finds and declares that entrance into each such agreement will constitute a “joint community facilities agreement” for purposes of the Act and shall be beneficial to residents of the Town. Any such agreement may include, directly or by reference, Town standards, policies and procedures applicable to the financing of public facilities constructed by developers for acquisition by the Town and/or public services to be financed by new development within the Town.

Section 4. The appropriate officials and staff of the Town are hereby authorized and directed to allow and approve BOLD Program participation by requesting property owners that are required to install public improvements and/or the payment of fees and/or the providing of public services in connection with new development in the Town, including signing developer applications or other documents evidencing the official intent of the Town to reimburse itself in connection with each project from the proceeds of tax-exempt obligations issued by CMFA as part of the BOLD Program, and to advise such owners requesting participation in BOLD that the Town has approved the BOLD Program; provided, that the CMFA shall be responsible for providing applications and processing of documentation and related materials at its own expense.

Section 5. This Resolution shall take effect immediately upon its adoption. The Clerk of the Council is hereby authorized and directed to transmit a certified copy of this resolution to the Secretary of the CMFA.

ADOPTED by the Town Council of the Town of Loomis at a regular meeting of said Town Council held on the _____ day of _____, 2022, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Mayor

ATTEST:

Deputy Town Clerk

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

POLICIES AND PROCEDURES FOR COMMUNITY FACILITIES DISTRICTS

I. GENERAL.

The purpose of these Policies and Procedures (the "Policies") is to provide guidance and conditions for the conduct by the Authority of proceedings and the issuance of bonds for the establishment and financings by community facilities districts (each a "CFD") under and pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act") as amended. The Policies are intended to be general in nature and the specific details will depend on the nature of each particular financing. The Policies are intended to comply with Section 53312.7 (a) of the Act. The Policies are subject to amendment and deviation by the Authority at any time.

II. TYPES OF PROJECTS-PRIORITIES.

A. New Development. Except as otherwise provided, any facilities allowed under the Act can be financed, with a preference for those public improvements that benefit not only the particular new development, but also the member of the Authority in whose jurisdiction such new development is located will be considered for financing. Such improvements include water, sanitary and storm sewer and related facilities, roads and interchanges, bridges, major collector or "spine" streets, including related landscaping and lighting. The acquisition of rights-of-way, lands and easements for public improvements for new development are eligible to be financed as are fees of cities, school districts, special districts or any other public entity.

B. Existing Development. The restrictions above shall not apply if the Board determines that the public necessity of any member of the Authority requires the improvements. Such improvements include the installation, construction, replacement or renovation of domestic water, sanitary sewer and storm drainage systems, pedestrian walkways, paths and/or overcrossings and the improvement of streets to correct unsafe conditions. Priority will be given for improvements required for public health and safety, such as sanitary sewer, safe drinking water and storm drainage facilities.

C. Combined. Projects containing both new and existing development will separately apply the above to each type, with priority given to projects affecting existing development.

D. School Facilities. School facilities are eligible to be financed under appropriate joint community facilities agreements created between the Authority and the school district.

III. APPLICATION FOR FINANCING.

A. Filing. Any person seeking to use land-secured financing (an "Applicant") must submit the Authority's form of application, to be followed upon preliminary acceptance by the required deposit.

B. Deposit. The costs of processing an application and, if approved the proceedings for land-secured financings shall be borne by the Applicant unless otherwise waived as provided

herein. Upon determination that the project is eligible for CFD financing the applicant may be required to deposit the estimated costs of CFD formation. The following is applicable to Deposits:

1. The amount of the Deposit or any waiver thereof may be determined by the Executive Director. No further action shall be taken on the Application unless and until the Deposit is made.

2. The Deposit shall be sufficient to cover Authority costs, including the costs of non-contingent outside consultants retained for the financing, recordings, filings, duplication, mailing and messenger costs.

3. The Deposit shall be increased upon demand of the Authority if at any time the Authority determines that the amount remaining is not sufficient, upon submission of a written request setting forth the reasons for the increase and the amount thereof. Without satisfactory assurance that the increased amount will be paid, the Authority will not undertake further processing unless and until the additional amount is paid.

4. The Deposit and any additional amounts shall be held by the Authority, separate from all other funds of the Authority and used only for the costs of formation of the District and/or related financing. The Authority shall not be required to invest the trust account or to assure any rate of return if funds in the account are invested. Any interest earnings on the account shall be retained in the account and be used for the costs of the financing. Any unused balance remaining in the account shall be returned to the applicant. The use of the Deposit and/or establishment of the account shall in no way be construed as requiring the Authority to issue land-secured indebtedness or to provide reimbursement from the proceeds thereof for expended portions of the Deposit. Reimbursement of the Deposit may be made to the Applicant from proceeds of bonds issued for the CFD.

C Financing Team. The Authority shall select all consultants to be retained by the Authority for the financing, including, but not limited to, appraiser, bond counsel, bond paying agent, fiscal agent or trustee, disclosure counsel, financial advisor, special tax consultant and underwriter. Providers of letters of credit, surety bonds or other credit enhancements, if required, are also subject to Authority approval. The Authority shall designate one Authority official as the contact person for contacts with the members of the financing team.

D. Processing the Application. Upon filing the Application, the Authority and the financing team will review the Application and notify the Applicant of preliminary approval status or if additional information is needed for preliminary approval. If it is complete and acceptable for participation in the program, Applicant will be notified in writing, detailing what changes or other requirements, if any, must be made and/or met for the Authority to continue to formation of the CFD, including any increases in the Deposit for additional work required to process the Application. Before commencing any formation proceedings, subsequent reviews may be held with the Applicant, Authority and Financing Team representatives to cover any final conditions, including Economic Viability Review (below).

IV. ECONOMIC VIABILITY REVIEW-CREDIT QUALITY

A. General. To help assure the appropriateness of the project for CFD financing and to avoid, to the extent possible, possible bond defaults, as part of the Application process the Authority, working with its financial advisor and the designated underwriter, will review each proposal on its own merits and on its own facts and circumstances for economic viability and the criteria for evaluating the credit quality of the financing.

B. Required Information. The Authority typically will (unless clearly unnecessary under the circumstances) require each of the following as a condition of processing an Application:

1. *Title Evidence*. A CLTA or ALTA lender's title insurance policy or preliminary title evidence showing the vesting of title to the land that will secure the financing and showing the interests of any lenders, creditors, etc., as well as any easements, rights of way or other encumbrances that may impact the value of the land. The title evidence will also be used to verify ownership for any owner's petition for the financing. The Applicant will upon request supply copies of any documents related to the title evidence as requested by the Authority.

2. *Financial Information*. Any Applicant or other owner of property within the proposed financing Authority who will be responsible for a percentage, as determined on a case by case basis, of annual debt service on bonds, or any other Applicant when so requested, shall submit such financial information as requested by the financing team as part of the necessary financing due diligence. Updated financial information may be required as a part of bond sale activities.

3. *Experience and Equity Participation*. The Authority will take into account the degree of the Applicant's (or other major owner's) development experience and equity contribution as of the time of Application and any possible increases through the anticipated date of bond sale.

4. *Administrative Approvals*. The Applicant shall furnish information as to the completeness of the approval process, including, but not limited to environmental clearances, land use planning approvals, rights to capacity or ability to use water, sewer and storm drainage facilities, availability of special permits (Army Corps of Engineers, California Fish and Game, Cal-Trans, Division of Dam Safety, etc.). Failure or inability to obtain any approval deemed necessary by the financing team may cause delay or suspension of the Application or proceedings, including any bond sale activities.

5. *Value of Land*. An appraisal will in most instances be needed to verify that the value of the land that will secure the bond issue is at least four times the amount of bonds to be sold and any overlapping special assessment and/or community facilities bonded debt on the property as of the anticipated date of sale of the bonds under the Application. Alternatively, evidence may consist of the full cash value as shown on the most current *ad valorem* assessment roll for the property, if relevant and sufficient as determined by the financing team.

C. Sufficiency of Revenues. In determining whether the financing which is the subject of the Application is viable, the Applicant must demonstrate that the annual amount of debt service is reasonable for the type of property use in its final, developed state. For commercial or industrial

property, comparable numbers for similar uses shall be provided. For residential property, the maximum annual debt service for the expected financing, together with all other charges collected or to be collected on the annual tax bill for each developed parcel shall not exceed two percent (2%) of such parcel's expected assessed value. Based on these criteria, bond issues and, hence, financings, shall be sized accordingly. Apart from this basic rule, the following shall also apply:

1. *Administrative Expenses.* Anticipated annual revenues to be collected on the tax roll shall take into account the Authority's estimates of annual administrative costs, including, as appropriate, costs of CFD administration, continuing disclosure, arbitrage and rebate calculation, preparation and up-dates of debt collection schedules and special tax computations.

2. *Residential Properties.* For residential properties only, the following special considerations apply:

a. Debt service (including administrative expenses) shall be level or may increase as provided for in the Rate and Method throughout the life of a bond issue, as determined appropriate by the financing team.

b. Special taxes for the CFD may escalate not more than two percent (2%) per year.

c. Prepayments of special taxes shall be allowed provided computation and processing is at the expense of the prepaying owner.

V. AUTHORITY PROCEEDINGS.

A. Petition. For new development projects, a petition meeting the requirements of the applicable authorizing law may be required in addition to the Application. The Applicant is urged to obtain unanimous waivers of election waiting periods as permitted by the Act. The Applicant must specify in the Application any reasonably expected impediments to obtaining petitions, including from co-owners and/or lenders of record (where required). Waiver of the petition may be determined by the Executive Director. For existing development, petitions are preferred, but may be waived, depending on the nature of the project and degree of public importance.

B. Representatives. The Authority and the Applicant shall each designate a representative for each financing district proceedings. The representatives shall be responsible for coordinating the activities of their respective interests and shall be the spokespersons for each such interest. The purpose of this requirement is to avoid duplication of effort and misunderstandings from failure to communicate effectively. In the case of the Authority, it allows the Authority's consultants to report to a single official who will, in turn, communicate with the Authority and, in turn, its Board as needed.

C. Time Schedule. The final schedule of events for any proceeding shall be determined by the Authority, in consultation with its financing team and the Applicant. Any changes will require approval by the appropriate Authority official. Time schedules will (unless specific exceptions are allowed) observe established Board meeting schedules and agenda deadlines. To the extent possible, bond financings will be scheduled to allow debt service to be placed on the tax rolls, however capitalized interest may be permitted.

VI. FINANCING TERMS

A. Limited Obligation. Unless specifically found to be required for a particular kind of financing, bonds issued for land secured financings shall be limited obligations, payable solely from special taxes of the CFD or other identified sources other than revenues of the Authority and do not require the use of any Authority revenues to replenish any reserves or to bid at any foreclosure sale.

B. Debt Service. Debt service shall be structured to avoid any large increases to residential owners in any single year, either by using substantially level debt service throughout the life of the bond issue or providing for up to 2% annual increases. Unless determined to be specifically required, debt service shall not exceed thirty (30 years) from the date of bond issuance.

C. Denominations. Bond denominations, registration, book-entry qualification, CDIAC submissions and other bond features shall conform to industry norms and standards at the time of issuance. For bonds secured by special taxes any other policies of the Authority requiring greater than \$5000 denominations shall not be applicable due to the unique collection and security features of the special taxes securing the bonds.

D. Bond Redemption. Maximum redemption premiums shall not exceed three percent (3%). Call provisions shall not exceed ten years unless circumstances warrant as determined by the Authority, and no provision shall be made to unduly restrict the ability of the Authority to refund any bond issue with a final maturity greater than ten years. Provision may be made to allow redemption of bonds with prepayments. Provision shall be made to allow the Authority to purchase bonds on the open market at par plus accrued interest, in lieu of redemption of bonds.

E. Reserve Funds. A reserve fund shall be required (unless specifically exempted upon approval of the financing team) for every land-secured financing. The reserve fund will be sized by the Authority with the advice of the financing team, and, for tax-exempt financings, will not exceed maximums prescribed by applicable federal tax law. Reserve fund earnings beyond maximum reserve fund size should be used to credit debt service and may be used to pay applicable rebate obligations under federal tax law.

F. Capitalized Interest. The Authority, with the advice of the financing team, will determine, on a case by case basis, the amount of capitalized interest for a particular financing. The amount of such interest will be determined based on factors such as the length of the construction period, the earliest date upon which tax roll collection may commence and the amount such interest will add to the total amount of the financing, taking into account the restrictions on value to lien expressed herein and the ability of the owner(s) to defray the debt service.

G. Foreclosure Covenants. Every land-secured bond issuance document shall provide for the judicial foreclosure of delinquent payments of special taxes. Such covenants may vary with particular financings, but shall at the minimum provide for the institution of foreclosure on an accelerated basis rather than at the end of the 5 year period applicable to property taxes generally. The ability to commence foreclosure shall be without further Board action and subsequent to notification to the property owner of the delinquency. Any costs advanced by the Authority to collect special taxes, including any actions taken related to foreclosure, shall be reimbursed by the CFD.

H. Discounts. Original issue discount will be allowed only if the Authority determines that it results in a lower true interest cost and will not adversely affect the ability to construct the public improvements.

VII. DISCLOSURES

A. General. Any initial disclosure and any continuing disclosures mandated by applicable law shall apply to each CFD. The terms of such disclosures shall be determined by the financing team based on applicable industry standards on a case-by-case basis.

B. Forms. The Authority may prescribe specific forms to be used for disclosures.

C. Market Absorption. The Authority may require the use of market absorption studies as part of the disclosure due diligence.

VIII. APPRAISALS

A. General. Appraisals undertaken to establish value-to-lien ratios for land-secured financings can be complex, requiring the appraiser to interpret the significance of various financial and demographic data. The process of arriving at an appraised value may be summarized as follows:

- Statement of appraisal problem.
- Required data and sources of data.
- Gathering, recording and verification of data.
- Determination of "highest and best use."
- Estimation of land value.
- Estimation of improvement value by relevant approach:
 - sales comparison,
 - cost (or replacement value), or
 - income capitalization.
- Reconciliation of results to concluded value.
- Report of value with statement of limitations, conditions, and assumptions.

B. The Appraiser. Because an appraisal essentially is an appraiser's opinion of value, the Authority requires that the appraiser be qualified to render this opinion. The appraiser will be credentialed by the State of California Office of Real Estate Appraisers or be a member of the Appraisal Institute (MAI) or have similar training, experience and qualifications. The appraiser will be an independent contractor retained by the Authority rather than a land owner/developer. All appraisals will be conducted in accordance with appraisal standards and guidelines found in the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (2004).

C. Valuation. The date of the value estimate should clearly be identified in the appraisal report. The period between the date of the appraisal and the financing should be no more than three (3) months, or appropriately updated, to accurately represent land values to prospective investors.

IX. PERFORMING THE WORK

A. General. Facilities being financed may be provided by either the construction of them by a developer or other person and acquired (“Acquisition”) or by public contract let by the Authority or member public agency (“Construction”) or, in appropriate cases, both.

B. Acquisition. Acquisition will be permitted for improvements or facilities to be constructed entirely upon land owned or controlled by the Applicant and then dedicated or sold to the Authority member public agency, or as otherwise approved by the member public agency. Preference is for “turn-key” projects that do not require advances as work progresses, however progress payments will be allowed as permitted and provided in a joint community facilities agreement with the Authority and its member public agency. Any work performed by Acquisition must be done under prevailing wage contracts and the Applicant shall be responsible for such compliance. In Acquisition projects, the Authority will allow for construction overhead, management and related costs on a case by case basis.

C. Impact and Other Public Entity Fees. Financing of fees of any member public agency or of any public entity contracting with the Authority in a joint community facilities agreement will be allowed provided the facilities financed with the fees are allowed under the Act and appropriate for bond financing. The usually applicable public bidding rules of the participating member Authority shall apply and any financing time schedule shall take into account a suitable period for the preparation of plans and specifications, bidding and notices thereof and bid opening. Mandatory bid hold periods shall take into account any applicable cash payment or comparable financing preparation periods.

X. INTERPRETATION AND WAIVER

If a Program CFD or Program financing does not strictly comply with these Goals and Policies, but the Executive Director does not reasonably expect such noncompliance to have a material adverse effect on the interests of the Authority, its bondholders, the special taxpayers in the applicable CFD and/or the applicable member public agency, the Executive Director may waive any such noncompliance, which waiver shall be evidenced in writing or by the subsequent issuance of Bonds for such CFD, and which evidence shall be conclusive and final as to such waiver. For purposes of the preceding sentence, a reasonable expectation by the Executive Director may be established by his or her good faith belief after receiving the advice and counsel of the Authority’s Financial Advisor, issuer’s counsel, bond counsel and any other interested parties with whom the Executive Director seeks to consult in his or her discretion.

After making any such interpretation or waiver, the Executive Director shall report such interpretation or waiver to the Board and may recommend any formal amendments to these Goals and Policies as may be necessary or convenient. The Board of Directors may adopt any such proposed amendment or may adopt any other amendments on its own initiative; provided that Board agrees not to overturn any interpretations or waivers made by the Executive Director pursuant to this paragraph on a retroactive basis.