

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY
Bond Issuance Policies and Procedures
(adopted by CEDA Board of Directors July 14, 2006—amended by CEDA
Board of Directors April 20, 2011)

I. Policy and Purposes

- A. The purposes and activities of the California Enterprise Development Authority are governed by the Joint Exercise of Powers Agreement dated June 1, 2006 and Bylaws adopted by the Board of Directors of the California Enterprise Development Authority.
- B. Prior to the adoption of an Inducement Resolution by CEDA, the applicant and CEDA staff will work together to notify the city manager, county administrator or other appropriate local official where a project is located, of a pending application for financing, and request and/or arrange for the local agency to approve the project, to conduct a TEFRA hearing and to adopt a resolution to become an Associate Member of CEDA.
- C. CEDA will defer to the local jurisdiction if that jurisdiction chooses to act as the issuer.
- D. As a public entity, CEDA is committed to sharing a percentage of issuance fees with the sponsoring jurisdiction, once CEDA's annual revenues are sufficient to cover administrative expenses. The CEDA JPA Agreement also allows the Board of Directors to direct excess revenue to services and activities that directly benefit the economic development community.
- E. Indemnity Clause – The borrower shall be required to indemnify the Authority, its members, officers, agents, advisors and employees against all liability, losses, damages, all costs and charges (including reasonable fees and disbursements of attorneys), causes of action, suits, claims, demands and judgments of every conceivable kind, character and nature whatsoever, by or on behalf of any person arising in any manner from the transaction or arising in any manner in connection with the Project or the financing or refinancing of the Project.
- F. No Interest on Performance Deposits. In the event a financing through the Authority requires the borrower to deposit with the Authority the Performance Deposit required by the California Debt Limit Allocation Committee, the Authority shall hold such Performance Deposit until released in writing by CDLAC. No interest shall be paid to the borrower with respect to such Performance Deposit.
- G. The Authority shall have the right to approve bond counsel for the financing. The borrower may request the appointment of certain bond counsel, but the Authority shall have the right to make the final selection. The Authority may retain Authority counsel which may also be Bond Counsel.

II. Public Interest Criteria

- A. CEDA will issue bonds based on findings that the project meets the following criteria:
 - 1. The financing is for a project in the jurisdiction of a Voting Member or Associate Member of the California Enterprise Development Authority.

2. The Borrower is capable of meeting the proposed obligations under applicable financing documents and payments are adequate to cover transaction expenses in connection with the financing and to make payments on the bonds.
 3. The proposed financing is appropriate for the specific project.
 4. In the case of Industrial Development Bonds, the Project demonstrates economic benefit to the community.
 5. In the case of 501(c)(3) bonds, the Project demonstrates a public benefit, such as provision of additional services, the provision of additional educational, scientific, social or cultural benefits to the community.
 6. The Project complies with the policies, procedures and public interest criteria of the California Debt Limit Allocation Committee and the California Industrial Development Financing Advisory Commission as evidenced by their approval of the Project.
- B. Bonds which refund previously issued bonds will not be subject to the public interest criteria listed in paragraph (A) above.
- C. It is not CEDA's intent to issue bonds to facilitate the relocation of a business from one jurisdiction of the state to another without substantial justification. Relocating Applicants will be requested to describe, in their application, their efforts to work with the current community before abandoning the facility. An acknowledgment of the relocation from the city or county being vacated will also be requested as part of the material to be submitted to the California Industrial Development Financing Advisory Commission.

III. Application for Issuance of Bonds

- A. Applications for issuance of bonds consist of completed Application Form, necessary attachments, and a non-refundable application fee of \$1,500 made payable to California Enterprise Development Authority.
- B. CEDA staff and financial consultant will review the proposed financing structure.
- C. CEDA's bond counsel will perform a legal review of all pertinent financing documents.

IV. Sale of Bonds

- A. Issuance fees will be payable at bond closing.
- B. CEDA shall have final approval of all finance team members.
- C. Bond documents shall indemnify CEDA, its members, officers, agents and employees.
- D. Bonds issued by CEDA do not constitute a debt or liability of CEDA or its Members, and are payable solely from funds specified in the financing documents.
- E. CEDA will issue bonds in conformance with credit requirements of federal and state law and policies. In general, bonds should reflect a long term rating of at least "A" and/or a short-term rating of at least "A-1/P-1" from Moody's, Standard & Poor's, and/or Fitch based either on the credit of the borrower's or on a credit enhancement from a bank, insurance company or other acceptable guarantor.
- F. CEDA may consider a waiver of the minimum rating requirement based on special circumstances. In such cases, the bonds may be issued as private placement or limited underwritten offering, subject to the following additional conditions:
 1. The bonds may be issued with appropriate disclosure in the offering, disclosure documents and any related bond documents.

2. The investor(s) must be a qualified institutional buyer within the meaning of S.E.C. Rule 144A, or an equivalent sophisticated investor with a demonstrated understanding of the risks associated with the municipal market.
3. Depending on the circumstances of the proposed sale, CEDA may require conditions for the resale of the bonds after initial issuance.
4. CEDA may require a minimum bond denomination of at least \$100,000 on private placements or limited underwritten offerings; denominations may be higher depending on the circumstances of the sale.

V. Public Access to CEDA Records

- A. CEDA is committed to complying with the California Public Records Act and the Brown Act.
- B. Requests to review or receive copies of documents must be made in writing to: CEDA, 550 Bercut Drive, Suite G, Sacramento, CA 95814.
- C. Copies may be provided in printed, hard copy or electronic form.
- D. CEDA will evaluate written requests and assess whether the request covers exempt or disclosable documents. CEDA will provide an estimate of time and cost for duplication. This determination will be provided within 10 days of the initial written request, subject to exceptions provided by State law. Costs for reproduction must be paid in advance.
- E. Costs for reproduction will be \$.50 per page for standard copies. Copies requiring special handling will be billed at actual cost plus \$20. Postage will be billed at actual cost, with no charge for copies picked up at CEDA offices.

VI. Other

- A. CEDA retains the right to consider exemptions or waivers to those portions of the policies and procedures not required by law.