

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

REGULAR MEETING

TELECONFERENCE MEETING NOTICE and AGENDA

LOCATIONS LISTED BELOW

10:30 A.M.

Thursday, May 18, 2023

Zoom Call Information

<https://us02web.zoom.us/j/83090950409?pwd=0m-8petUUMOnlGjf9Cv-ucfTFWNKIK.1>

Meeting ID: 830 9095 0409

Passcode: 866446

One tap mobile

+16699006833,,83090950409#,,,,*866446# US (San Jose)

+13462487799,,83090950409#,,,,*866446# US (Houston)

Call to Order and Roll Call

Statement of Disclosure

Action Items

1. Consent Agenda
 - a. Approve Minutes from the Regular Meeting on May 11, 2023.
2. Approve Resolution 23-10 of the California Enterprise Development Authority Authorizing the Issuance of Taxable Revenue Bonds In One or More Series In a Principal Amount Not to Exceed \$3,500,000 to Finance and Refinance Certain Working Capital For the Benefit of Paso Robles Charter School Project, Incorporated, D/B/A Almond Acres Charter Academy, Providing the Terms and Conditions For the Sale and Issuance of Said Bonds and Other Matters Relating Thereto and Authorizing the Execution of Certain Documents Herein Specified.
3. Approve Resolution 23-11 of the California Enterprise Development Authority Authorizing the Issuance of Taxable and/or Tax Exempt Revenue Bonds In One or More Series In a Principal Amount Not To Exceed \$45,000,000 To Finance or Refinance the Acquisition, Improvement, and Equipping of Educational Facilities For the Benefit of the Heights Christian Schools, Providing the Terms and Conditions For the Sale and Issuance of Said Bonds and Other Matters Relating Thereto and Authorizing the Execution of Certain Documents Herein Specified.
4. Approve Resolution 23-12 of the Board Of Directors of the California Enterprise Development Authority (CEDA) Establishing the Bonds Assisting New Development (BAND) Program and Authorizing CEDA To Take All Actions Necessary To Form Community Facilities Districts and Assessment Districts To Finance Certain Public Infrastructure, Levy Special Taxes and Assessments Therein, Issue Bonds Thereof, Assist With the Financing Of Public Improvements Using Tax Increment Financing Districts, Refinance Existing Debt of Member Agencies and Take Any Related Actions.
5. Approve BAND Financing Team partners as presented in the "Interested Parties list" and authorize Chair to work with the approved team to implement and advance the BAND Financing Program.

Public Comment

Chair Report

PACE Report

Pooled Financing

Other Business

Adjournment

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

Members of CEDA and members of the public may access this meeting at the following locations:

California Association for Local
Economic Development
(Contact Michelle Stephens)
2150 River Plaza Dr., Suite 275
Sacramento, CA 95833

Rural County Representatives of
California (Contact Robert Burris)
1215 K Street, Suite 1650
Sacramento, CA 95814

Riverside County Office of Economic
Development (Contact Robert Moran)
3403 10th Street, 4th Floor
Riverside, CA 92501

City of Vista
(Contact Larry Vaupel)
200 Civic Center
Vista, CA 92084

City of West Sacramento
(Contact Aaron Laurel or
Sandra Barcenas)
1110 West Capitol Avenue, 3rd Floor
West Sacramento, CA 95691

Josh Metz
(Contact Josh Metz)
5753 Desoto Dr.
Santa Rosa, Ca 95409

City of Corona
(Contact Jessica Gonzales)
400 S. Vicentia Avenue
Corona, CA 92882

City of Temecula
(Contact Christine Damko)
41000 Main Street, 3rd Floor
Economic Development Office
Temecula, CA 92589

This agenda can be obtained at <https://ceda.caled.org>. The California Enterprise Development Authority complies with the Americans with Disabilities Act (ADA) by ensuring that the facilities are accessible to persons with disabilities and by providing this notice and information in alternative formats when requested. If you need further assistance, you may contact us before the meeting at (916) 448-8252, ext. 12.

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

MINUTES

Regular Meeting

TELECONFERENCE MEETING

CEDA BOARD OF DIRECTORS

Thursday, May 11, 2023

Zoom Call Location

<https://us02web.zoom.us/j/83090950409?pwd=0m-8petUUMOnlGjf9Cv-ucfTFWNKIK.1>

Meeting ID: 830 9095 0409

Teleconference Locations

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Development
(Contact Michelle Stephens)
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Riverside County Office of Economic
Development (contact Robert Moran)
3403 10th Street, 4th Floor
Riverside, CA 92501

Josh Metz
(Contact Josh Metz)
5753 Desoto Dr.
Santa Rosa, Ca 95409

Call to Order

Gurbax Sahota, Chair of the California Enterprise Development Authority, called the meeting to order at 10:32 a.m.

Roll Call

Members Present:

Robert Burris
Jessica Gonzales
Josh Metz (10:35 am)
Rob Moran
Gurbax Sahota

CALED Management/ Staff Present:

Laura Cole-Rowe
Michelle Stephens

Public:

Sam Balisy, Kutak Rock
David Mnatsakanyan, Kutak Rock

Statement of Disclosure

Rob Moran let the Board know that neither he nor the County have any financial connection to Loma Linda.

Action Items

1. Consent Agenda
 - a. Approve Minutes from the Regular Meeting on April 20, 2023.

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

Motion: Board Member Jessica Gonzales made the motion to approve the Consent Agenda. Board Member Robert Burris seconded the motion on the floor.

The motion passed with the following roll call vote:

Robert Burris	Yes
Jessica Gonzales	Yes
Rob Moran	Yes
Gurbax Sahota	Yes

2. Approve Resolution 23-09 of the California Enterprise Development Authority Authorizing and Approving a Loan Agreement Pursuant to Which the California Enterprise Development Authority Will Make One or More Loans for the Purpose of Financing, Refinancing, and Reimbursing the Cost of the Acquisition, Construction, Improvement, Equipping and Furnishing of Healthcare Facilities for the Benefit of Loma Linda Healthcare Properties, LLC, Loma Linda University Medical Center and/or a Related Or Successor Entity; Providing the Terms and Conditions For Such Loan Agreement and Other Matters Relating Thereto Herein Specified.

Discussion: Michelle Stephens gave the staff report. Sam Balisy commented on the item.

Motion: Board Member Josh Metz made the motion to approve Resolution 23-09. Board member Jessica Gonzales seconded the motion on the floor.

The motion passed with the following roll call vote:

Robert Burris	Yes
Jessica Gonzales	Yes
Josh Metz	Yes
Rob Moran	Yes
Gurbax Sahota	Yes

Public Comment

None

Chair Report

PACE Report

Pooled Financing

Gurbax Sahota reported on the BAND program (Pooled Financing). The foundational documents and the recommended financing team list is set and will be brought to the board. The fee structure and marketing materials are being prepared. BAND is set to be launched at the CALED conference.

Other Business

Discussion on the current banking and lending environment.

Adjournment

Motion: Josh Metz made the motion to adjourn the meeting. Aaron Laurel seconded the motion on the floor. Chair Gurbax Sahota adjourned the meeting at 10:58 am after the roll call vote.

The motion passed with the following roll call vote:

Christine Damko	Yes
Aaron Laurel	Yes
Josh Metz	Yes
Larry Vaupel	Yes

Staff Report

Action Requested	Approve Resolution 23-10 of the California Enterprise Development Authority Authorizing the Issuance of Taxable Revenue Bonds In One or More Series In a Principal Amount Not to Exceed \$3,500,000 to Finance and Refinance Certain Working Capital For the Benefit of Paso Robles Charter School Project, Incorporated, D/B/A Almond Acres Charter Academy, Providing the Terms and Conditions For the Sale and Issuance of Said Bonds and Other Matters Relating Thereto and Authorizing the Execution of Certain Documents Herein Specified.
Borrower(s)	Paso Robles Charter School Project, Incorporated, D/B/A Almond Acres Charter Academy
Borrower Description	<p>In early 2010, a small group of parents, educators, and community members came together to create what would become Almond Acres Charter Academy (AACCA). The founding team was united by a vision of creating a school that would be a part of, and continue, the tradition of our local districts, but also have greater flexibility in the delivery of curriculum, fiscal management, and decision making. Almond Acres opened in the 2012-13 school year and is currently serving approximately 465 K-8 grade students.</p> <p>CEDA previously issued charter School Revenue Bonds (Almond Acres Charter Academy Project) Series 2020A in the principal amount of \$14,845,000, Series 2020B (taxable) in the principal amount of \$575,000, dated March 1, 2020 and loaned the proceeds to 1145 Niblick LLC to finance and refinance the costs of the acquisition, construction, installation, renovation, rehabilitation, improvement and equipping of an educational facility located at 1145 Niblick Road, Paso Robles, CA 93446.</p> <p>The applicant has required that CEDA issue the bonds to finance and/or refinance working capital of the borrower and to pay certain costs of issuance in connection with the above stated bonds.</p>
Public Benefits	The tax-exempt financing will allow Paso Robles Charter School Project, Incorporated, D/B/A Almond Acres Charter Academy to realize savings that can be put into rehabilitating real property.
Eligibility and Policy Review	<p>CEDA staff has reviewed the project. The proposed financing is eligible pursuant to state and federal law and addresses the objectives contained in CEDA’s Bond Issuance Policies and Procedures:</p> <ul style="list-style-type: none"> ■ The Borrower is capable of meeting the obligations incurred under the financing documents; ■ The Payments to be made are adequate to pay the expenses of CEDA in connection with the financing and to pay debt service; and ■ Proposed financing is appropriate for the project.
Recommendation	Staff recommends approval of Resolution 23-10.

RESOLUTION NO. 23-10

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

A RESOLUTION OF THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE OF TAXABLE REVENUE BONDS IN ONE OR MORE SERIES IN A PRINCIPAL AMOUNT NOT TO EXCEED \$3,500,000 TO FINANCE AND REFINANCE CERTAIN WORKING CAPITAL FOR THE BENEFIT OF PASO ROBLES CHARTER SCHOOL PROJECT, INCORPORATED, D/B/A ALMOND ACRES CHARTER ACADEMY, PROVIDING THE TERMS AND CONDITIONS FOR THE SALE AND ISSUANCE OF SAID BONDS AND OTHER MATTERS RELATING THERETO AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS HEREIN SPECIFIED

WHEREAS, pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the "Act"), the cities of Eureka, Lancaster and Selma entered into a joint exercise of powers agreement (the "Agreement") pursuant to which the California Enterprise Development Authority (the "Authority") was organized; and

WHEREAS, the Authority is authorized by the Agreement and the Act to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements, or enter into financing agreements to, among other things, finance or refinance facilities owned and/or leased and operated by organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, pursuant to the provisions of the Act, the public agencies that are members of the Authority are authorized to jointly exercise any power common to such public agency members, including, without limitation, the right to issue bonds and expend the proceeds thereof and the right to acquire, sell, develop, lease or administer property; and

WHEREAS, the County of San Luis Obispo, California (the "County") is an associate member of the Authority and is authorized to acquire and dispose of property, both real and person; and

WHEREAS, pursuant to the provisions of the Act, the Authority may, at its option, issue bonds, rather than certificates of participation, and enter into a loan agreement, financing agreement or similar agreement for the purposes of promoting economic development; and

WHEREAS, Paso Robles Charter School Project, Incorporated, d/b/a Almond Acres Charter Academy, a California nonprofit public benefit corporation and an entity described in Section 501(c)(3) of the Internal Revenue Code (the "Lessee"), operates one or more charter schools in California (collectively, the "School"); and

WHEREAS, the Authority has previously issued its California Enterprise Development Authority Charter School Revenue Bonds (Almond Acres Charter Academy Project) Series 2020A

in the principal amount of \$14,845,000 (the “Series 2020A Bonds”) and its California Enterprise Development Authority Charter School Revenue Bonds (Almond Acres Charter Academy Project) Series 2020B (Taxable) in the principal amount of \$575,000 (the “Series 2020B Bonds” and together with the Series 2020A Bonds, the “Series 2020 Bonds”) pursuant to that certain Indenture of Trust, dated as of March 1, 2020 (the “Original Indenture”), between the Authority and UMB Bank, N.A., as trustee (the “Trustee”) and loaned the proceeds thereof to 1145 Niblick LLC, a California limited liability company whose sole member is the Lessee (the “Borrower”), pursuant to that certain Loan Agreement, dated as of March 1, 2020 (the “Original Loan Agreement”), between the Authority and the Borrower, to (a) finance and refinance the costs of the acquisition, construction, installation, renovation, rehabilitation, improvement and equipping of an approximately an educational facility located at 1145 Niblick Road, Paso Robles, California 93446 (the “Facilities”), for operation by the Lessee of the School; (b) pay capitalized interest on the Series 2020 Bonds; and (c) pay certain bond issuance expenses (collectively, the “Series 2020 Project”); and

WHEREAS, the Lessee has requested that the Authority issue and sell the Bonds (hereinafter defined) in one or more series for the purpose of making one or more loans to the Borrower to (a) finance and/or refinance working capital of the Borrower or of the Lessee; and (b) pay certain costs of issuance in connection with the Bonds (collectively, the “Series 2023 Project”); and

WHEREAS, pursuant to the Original Indenture, as supplemented by the First Supplement to Indenture of Trust, to be dated as of the first day of the month in which the Bonds are issued (the “First Supplemental Indenture” and, together with the Original Indenture, the “Indenture”), between the Authority the Trustee, the Authority will issue one or more series of its California Enterprise Development Authority Charter School Revenue Bonds (Almond Acres Charter Academy Project), Senior Series 2023 (Taxable) (the “Bonds”) for the purpose, among others, of financing and refinancing the Series 2023 Project; and

WHEREAS, the Bonds shall constitute Additional Bonds, as defined in the Indenture; and

WHEREAS, pursuant to the Original Loan Agreement, as supplemented by Loan Agreement Supplement No. 1, to be dated as of the first day of the month in which the Bonds are issued (the “Loan Agreement Supplement No. 1” and, together with the Original Loan Agreement, the “Loan Agreement”), between the Authority and the Borrower, the Authority will loan the proceeds of the Bonds to the Borrower for the purpose, among others, of financing and refinancing the Series 2023 Project; and

WHEREAS, the Borrower will continue to lease the Facilities to the Lessee pursuant to one or more Lease Agreements, dated as of March 1, 2020, as supplemented by the Lease Agreement Supplement No. 1, to be dated as of the first day of the month in which the Bonds are issued (collectively, the “Lease”); and

WHEREAS, pursuant to a Bond Purchase Agreement, to be dated the date of sale of the Bonds (the “Purchase Contract”), among D.A. Davidson & Co., as underwriter (the “Underwriter”), the Authority, the Lessee and the Borrower, the Bonds will be sold to the

Underwriter, and the proceeds of such sale will be used as set forth in the Indenture to finance and refinance the Series 2023 Project; and

WHEREAS, in connection with the issuance of the Bonds, the Borrower and the Bondholder Representative have agreed, and have requested that the Authority agree, to enter into a Forbearance Agreement (the “Forbearance Agreement”) with respect to the payment of interest on and principal of Series 2020 Bonds; and

WHEREAS, the Bonds will be offered for sale through a limited offering memorandum, official statement or other offering document acceptable to the Authority; and

WHEREAS, there have been placed on file with the Authority prior to this meeting the following documents and agreements:

- (1) A proposed form of the First Supplemental Indenture;
- (2) A proposed form of the Loan Agreement Supplement No. 1;
- (3) A proposed form of the Purchase Contract; and
- (4) A proposed form of the limited offering memorandum (the “Limited Offering Memorandum”) in preliminary form to be used by the Underwriter in connection with the offering and sale of the Bonds; and
- (5) A proposed form of the Forbearance Agreement; and

WHEREAS, pursuant to California Government Code Section 5852.1, certain information regarding the Bonds, attached hereto as Attachment I, has been presented to the Authority by the Borrower based on a good faith estimates by the Underwriter; and

WHEREAS, the Facilities are expected to provide significant benefits to the residents of the County in providing educational and related services to residents of the County;

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority (the “Board”), as follows:

Section 1. The Board hereby finds and determines that the foregoing recitals are true and correct.

Section 2. The Authority is hereby authorized to issue one or more series of its taxable revenue bonds designated as the “California Enterprise Development Authority Charter School Revenue Bonds (Almond Acres Charter Academy Project) Senior Series 2023 (Taxable)” (or such other designation as shall be acceptable to the Authority and its counsel) in an aggregate principal amount not to exceed THREE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$3,500,000). The Bonds shall be issued and secured in accordance with the terms of, and shall be in the form or forms set forth in, the Indenture, with such changes, deletions or insertions as may be approved by any of the Chair or the Vice Chair of the Board of the Authority (each, an “Authorized Signatory”) and legal counsel to the Authority, such approvals being conclusively

evidenced by the execution and delivery thereof. The Bonds shall be executed by the manual or facsimile signature of any Authorized Signatory and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Authority in the form set forth in and otherwise in accordance with the Indenture.

The Bonds and the interest thereon shall be special, limited obligations of the Authority, and payment of the principal of, redemption premium, if any, and interest on, the Bonds shall be made solely from loan payments made by the Borrower under the Loan Agreement and certain moneys held under the Indenture, and the Bonds shall not be deemed to constitute a general obligation of the Authority or of any member of the Authority or an obligation or commitment by the Authority to expend any of its funds other than from certain funds received under the Loan Agreement.

Section 3. The First Supplemental Indenture, in substantially the form placed on file with the Authority, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the First Supplemental Indenture in substantially said form, with such changes and insertions therein as such Authorized Signatory, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The dated date, maturity dates or dates, interest rate or rates, method of determining interest rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, including the First Supplemental Indenture, as finally executed.

Section 4. The Loan Agreement Supplement No. 1, in substantially the form placed on file with the Authority, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Loan Agreement Supplement No. 1, in substantially said form, with such changes and insertions therein as such Authorized Signatory, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The Purchase Contract, in substantially the form placed on file with the Authority, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Purchase Contract, in substantially said form, with such changes and insertions therein and as such Authorized Signatory, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The proposed preliminary form of Limited Offering Memorandum as presented at this meeting in preliminary form, is hereby approved. The Underwriter is hereby authorized to distribute the Limited Offering Memorandum in preliminary form to persons who may be interested in the purchase of the Bonds and to deliver the Limited Offering Memorandum in final form to the purchasers of the Bonds, in each case with such changes as any Authorized Signatory, with advice of counsel to Authority, deems desirable, necessary or appropriate.

Section 7. The Forbearance Agreement, in substantially the form placed on file with the Authority, is hereby approved. Any Authorized Signatory is hereby authorized and directed,

for and on behalf of the Authority, to execute and deliver the Forbearance Agreement, in substantially said form, with such changes and insertions therein and as such Authorized Signatory, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The Bonds, when executed as provided in Section 2, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchaser or purchasers thereof in accordance with written instructions executed on behalf of the Authority which any Authorized Signatory, acting alone, is authorized and directed, for and on behalf of the Authority, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the purchaser or purchasers thereof, upon payment of the purchase price thereof.

Section 9. Any Authorized Signatory and other appropriate officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, including, without limitation, any intercreditor or similar agreement, any and all documents and certificates to be executed in connection with securing credit support, if any, for the Bonds, and to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, to effectuate the actions that the Authority has approved in this Resolution; provided that no such documents or certificates shall create any obligation or liability of the Authority other than with respect to the revenues and assets derived from the proceeds of the Bonds or otherwise securing the Bonds under the financing documents described and authorized herein.

Section 10. All actions heretofore taken by any Authorized Signatory and other appropriate officers and agents of the Authority with respect to the issuance of the Bonds are hereby ratified, confirmed and approved.

Section 11. Any Authorized Signatory, acting alone, is hereby authorized to execute and deliver future amendments to the documents authorized to be executed and delivered pursuant to this Resolution ("Authorized Documents"), without further action of the Authority, for the purpose of (i) adding to the covenants and agreements of the Borrower or of the provider of any credit enhancement or liquidity facility; (ii) assigning or pledging additional security for any of the Bonds which security shall be provided by the Borrower; (iii) curing any ambiguity, inconsistency or omission or supplementing any defective provisions of the Authorized Documents; (iv) permitting the qualification of the Indenture or any supplemental indenture under the Trust Indenture Act of 1939 or any similar federal statutes hereafter in effect; (v) providing for any additional procedures, covenants or agreements necessary to convert the Bonds to tax-exempt obligations and to then maintain the tax-exempt status of interest on the Bonds; (vi) modifying or eliminating the book-entry registration system for the Bonds, if any; or (vii) providing for the appointment of a co-trustee/bondowner representative or the succession of a new trustee/bondowner representative authorized pursuant to the terms of the Indenture; provided such amendments are (1) made pursuant to a written request of the Borrower, (2) made pursuant to the terms of such documents, (3) are consistent with such documents, (4) do not require the consent of the holders of the Bonds and (5) do not provide for any additional duties or costs with respect to the Authority for which the Borrower does not agree in advance to reimburse or indemnify the Authority therefor.

Section 12. Notwithstanding anything to the contrary in this Resolution, the Bonds may not convert so that interest thereon is excluded from gross income for federal income tax purposes until the County has held the requisite hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986 and the other requirements to such conversion set forth in the Indenture have been satisfied.

Section 13. The provisions of this Resolution are hereby declared to be separable, and if any action, phrase or provision is for any reason declared to be invalid, such declaration does not affect the validity of the remainder of the sections, phrases and provisions.

Section 14. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 18th day of May, 2023.

CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY

By _____
Gurbax Sahota, Chair

Attest:

By _____
Michelle Stephens, Assistant Secretary

[Authorizing Resolution – California Enterprise Development Authority Charter School Revenue
Bonds (Almond Acres Charter Academy Project), Senior Series 2023 (Taxable)]

I, the undersigned, the duly appointed and qualified Assistant Secretary of the California Enterprise Development Authority, do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of said Authority at a duly called meeting of the Board of Directors of said Authority held in accordance with law on May 18, 2023.

Michelle Stephens, Assistant Secretary

Attachment I

PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, 1145 Niblick LLC (the “Borrower”), a California limited liability company whose sole member is Paso Robles Charter School Project, Incorporated, d/b/a Almond Acres Charter Academy, a California nonprofit public benefit corporation and an entity described in Section 501(c)(3) of the Internal Revenue Code, has provided the following required information to the California Enterprise Development Authority (the “Authority”), as conduit financing provider, prior to the Authority’s regular meeting on May 18, 2023 (the “Meeting”) of its Board of Directors (the “Board”) at which Meeting, the Board will consider the authorization of conduit revenue obligations in the aggregate principal amount not to exceed \$3,500,000 (the “Obligations”).

1. Campanile Group, Inc., as Municipal Advisor with respect to the Obligations, provided the Borrower with the required good faith estimates relating to the Obligations as follows:
 - A. The true interest cost of the Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Obligations (to the nearest ten-thousandth of one percent): 9.886%.
 - B. The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: \$340,000.00.
 - C. The amount of proceeds received by the public body for sale of the Obligations less the finance charge of the Obligations described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Obligations: \$2,760,000.00.
 - D. The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Obligations plus the finance charge of the Obligations described in subparagraph (B) not paid with the proceeds of the Obligations (which total payment amount shall be calculated to the final maturity of the Obligations): \$3,906,000.00.
2. The good faith estimates provided above were presented to the governing board of the Borrower or presented to the official or officials or committee designated by the governing board of the Borrower to obligate the Borrower in connection with the Obligations or, in the absence of a governing board, presented to the official or officials of the Borrower having authority to obligate the Borrower in connection with the Obligations.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to a variety of factors. The actual interest rates borne

by the Obligations and the actual amortization of the Obligations will depend on market interest rates at the time of the issuance of the Obligations. Market interest rates are affected by economic and other factors beyond the control of the Borrower.

The Authority is authorized to make this document available to the public at the Meeting of the Authority.

Staff Report

Action Requested	Approve Resolution 23-11 of the California Enterprise Development Authority Authorizing the Issuance of Taxable and/or Tax Exempt Revenue Bonds In One or More Series In a Principal Amount Not To Exceed \$45,000,000 To Finance or Refinance the Acquisition, Improvement, and Equipping of Educational Facilities For the Benefit of the Heights Christian Schools, Providing the Terms and Conditions For the Sale and Issuance of Said Bonds and Other Matters Relating Thereto and Authorizing the Execution of Certain Documents Herein Specified.
Borrower(s)	Heights Christian Schools
Borrower Description	<p>Heights Christian Schools (HCS) is located in Southern California in the beautiful rural area of Chino Hills. They currently serve 200 students in grades K-6th. Fully accredited by the Western Association of Schools and Colleges (WASC), the school helps prepare students for the future by providing a balanced emphasis on academics, athletics, fine arts and extracurricular activities, all taught from a distinctively Biblical worldview.</p> <p>Heights Christian Schools is seeking to finance approximately \$45,000,000 to purchase and renovate a new facility, refinancing existing debt, fund a debt service reserve fund, and pay costs of issuance. The new facility is a 20.37-acre lot located at 14670 Ramona Avenue, Chino CA 91719 with two existing buildings. HCS currently operates a preschool in a portion of the facility under a lease with the owner, Inland Hills Church. The renovations will allow HCS to expand its operations at the facility from PK only to PK-8th grade and will allow space for up to 450 students in K-8 including additional classrooms and outdoor space.</p> <p>The existing debt being refinanced is in connection with acquisitions and improvements of HCS' two Chino Hills campuses, its La Habra Height campus, and its La Mirada campus.</p>
Public Benefits	The tax-exempt financing will allow Heights Christian Schools to realize savings that can be put into rehabilitating real property.
Eligibility and Policy Review	<p>CEDA staff has reviewed the project. The proposed financing is eligible pursuant to state and federal law and addresses the objectives contained in CEDA's Bond Issuance Policies and Procedures:</p> <ul style="list-style-type: none"> ■ The Borrower is capable of meeting the obligations incurred under the financing documents; ■ The Payments to be made are adequate to pay the expenses of CEDA in connection with the financing and to pay debt service; and ■ Proposed financing is appropriate for the project.
Recommendation	Staff recommends approval of Resolution 23-11.

RESOLUTION NO. 23-11

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

RESOLUTION OF THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE OF TAXABLE AND/OR TAX EXEMPT REVENUE BONDS IN ONE OR MORE SERIES IN A PRINCIPAL AMOUNT NOT TO EXCEED \$45,000,000 TO FINANCE OR REFINANCE THE ACQUISITION, IMPROVEMENT, AND EQUIPPING OF EDUCATIONAL FACILITIES FOR THE BENEFIT OF THE HEIGHTS CHRISTIAN SCHOOLS, PROVIDING THE TERMS AND CONDITIONS FOR THE SALE AND ISSUANCE OF SAID BONDS AND OTHER MATTERS RELATING THERETO AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS HEREIN SPECIFIED

WHEREAS, pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the "Act"), the cities of Eureka, Lancaster and Selma entered into a joint exercise of powers agreement (the "Agreement") pursuant to which the California Enterprise Development Authority (the "Authority") was organized; and

WHEREAS, the Authority is authorized by the Agreement and the Act to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements, or enter into financing agreements to, among other things, finance or refinance facilities owned and/or leased and operated by organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, pursuant to the provisions of the Act, the public agencies that are members of the Authority are authorized to jointly exercise any power common to such public agency members, including, without limitation, the right to issue bonds and expend the proceeds thereof and the right to acquire and dispose of property, both real and personal; and

WHEREAS, the Cities of La Mirada, La Habra Heights, Chino Hills and Chino (the "Member Jurisdictions") are each an associate member of the Authority or will become members of the Authority prior to the issuance of the Bonds (as defined below); and

WHEREAS, pursuant to the provisions of the Act, the Authority may, at its option, issue bonds, rather than certificates of participation, and enter into a loan agreement, financing agreement or similar agreement for the purposes of promoting economic development; and

WHEREAS, Heights Christian Schools, a California nonprofit religious corporation and an entity described in Section 501(c)(3) of the Code (the "Borrower"), operates school facilities located in the Member Jurisdictions; and

WHEREAS, the Borrower has requested that the Authority issue and sell the Bonds (hereinafter defined) in one or more series for the purpose of making one or more loans to the Borrower, for the purposes of (i) (a) financing and/or refinancing the cost of construction,

renovation, equipping and improvement of certain educational and ancillary facilities located at the Borrower's campuses at 1225 N. Hacienda Rd., La Habra Heights, CA 90631, 12200 Oxford Dr., La Mirada, CA 90630, 2092 Chino Hills Pkwy, Chino Hills, CA 91709, 2549 Madrugada Dr., Chino Hills, CA 91709, and 14670 Ramona Ave., Chino, CA 91710 collectively, the "Facilities"), (b) fund a debt service reserve fund; and (c) pay certain costs of issuance and other related costs in connection with such financing and/or refinancing (collectively, the "Project"); and

WHEREAS, pursuant to an Indenture of Trust, by and between Wilmington Trust, National Association (or such other trust company or commercial bank acceptable to the Authority), as trustee (the "Trustee") and the Authority (the "Indenture"), the Authority will issue the California Enterprise Development Authority Educational Facility Revenue Bonds (Heights Christian Schools Project) Series 2023 (the "Bonds") in one or more series for the purpose, among others, of financing the Project; and

WHEREAS, pursuant to a Loan Agreement, by and between the Authority and the Borrower (the "Loan Agreement"), the Authority will loan the proceeds of the Bonds to the Borrower for the purpose, among others, of financing the Project; and

WHEREAS, pursuant to a Bond Purchase Agreement, to be dated the date of sale of the Bonds (the "Purchase Contract"), among Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Underwriter"), the Authority and the Borrower, the Bonds will be sold to the Underwriter, and the proceeds of such sale will be used as set forth in the Indenture to finance the Project; and

WHEREAS, the Bonds will be offered for sale through a limited offering memorandum, official statement or other offering document acceptable to the Authority; and

WHEREAS, there have been placed on file with the Authority prior to this meeting the following documents and agreements:

- (1) A proposed form of the Indenture;
- (2) A proposed form of the Loan Agreement;
- (3) A proposed form of the Purchase Contract;
- (4) A proposed form of the limited offering memorandum or official statement (the "Limited Offering Memorandum") in preliminary form to be used by the Underwriter in connection with the offering and sale of the Bonds; and

WHEREAS, pursuant to California Government Code Section 5852.1, certain information regarding the Bonds, attached hereto as Attachment I, has been presented to the Authority by the Borrower based on good faith estimates provided by the Underwriter; and

WHEREAS, the Facilities are expected to provide significant benefits to the residents of the Member Jurisdictions in providing educational and related services to residents of the Member Jurisdictions; and

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the California Enterprise Development Authority (the “Board”), as follows:

Section 1. The Board hereby finds and determines that the foregoing recitals are true and correct.

Section 2. The Authority is hereby authorized to issue one or more series of its revenue bonds designated as the “California Enterprise Development Authority Educational Facility Revenue Bonds (Heights Christian Schools Project) Series 2023” (or such other designation as shall be acceptable to the Authority and its counsel) in an aggregate principal amount not to exceed FORTY FIVE MILLION DOLLARS (\$45,000,000). The interest on the Bonds shall be tax-exempt or taxable, as determined by bond counsel. The Bonds shall be issued and secured in accordance with the terms of, and shall be in the form or forms set forth in, the Indenture referenced above, with such changes, deletions or insertions as may be approved by any of the Chair or the Vice Chair of the Board of Directors of the Authority (each, an “Authorized Signatory”) and legal counsel to the Authority, such approvals being conclusively evidenced by the execution and delivery thereof. The Bonds shall be executed by the manual or facsimile signature of any Authorized Signatory and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Authority in the form set forth in and otherwise in accordance with the Indenture.

The Bonds and the interest thereon shall be special, limited obligations of the Authority, and payment of the principal of, redemption premium, if any, and interest on, the Bonds shall be made solely from loan payments made by the Borrower under the Loan Agreement and certain moneys held under the Indenture, and the Bonds shall not be deemed to constitute a general obligation of the Authority or of any member of the Authority or an obligation or commitment by the Authority to expend any of its funds other than from certain funds received under the Loan Agreement.

Section 3. The Indenture, in substantially the form placed on file with the Authority, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Indenture in substantially said form, with such changes and insertions therein as such Authorized Signatory, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Trustee, the dated date, maturity dates or dates, interest rate or rates, method of determining interest rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 4. The Loan Agreement, in substantially the form placed on file with the Authority, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Loan Agreement, in substantially said form, with such changes and insertions therein as such Authorized Signatory, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The Purchase Contract, in substantially the form placed on file with the Authority, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Purchase Contract, in substantially said form, with such changes and insertions therein and as such Authorized Signatory, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The proposed preliminary form of the Limited Offering Memorandum as presented at this meeting in preliminary form, is hereby approved. The Underwriter is hereby authorized to distribute the Limited Offering Memorandum in preliminary form to persons who may be interested in the purchase of the Bonds and to deliver the Limited Offering Memorandum in final form to the purchasers of the Bonds, in each case with such changes as any Authorized Signatory, with advice of counsel to Authority, deems desirable, necessary or appropriate.

Section 7. The Bonds, when executed as provided in Section 2, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchaser or purchasers thereof in accordance with written instructions executed on behalf of the Authority which any Authorized Signatory, acting alone, is authorized and directed, for and on behalf of the Authority, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the purchaser or purchasers thereof, upon payment of the purchase price thereof.

Section 8. Any Authorized Signatory and other appropriate officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, including, without limitation, any tax agreement and/or tax certificate, any and all documents and certificates to be executed in connection with securing credit support, if any, for the Bonds, and to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, to effectuate the actions that the Authority has approved in this Resolution; provided that no such documents or certificates shall create any obligation or liability of the Authority other than with respect to the revenues and assets derived from the proceeds of the Bonds or otherwise securing the Bonds under the financing documents described and authorized herein.

Section 9. All actions heretofore taken by the Authorized Signatories and other appropriate officers and agents of the Authority with respect to the issuance of the Bonds are hereby ratified, confirmed and approved.

Section 10. Any Authorized Signatory, acting alone, is hereby authorized to execute and deliver future amendments to the documents authorized to be executed and delivered pursuant to this Resolution ("Authorized Documents"), without further action of the Authority, for the purpose of (i) adding to the covenants and agreements of the Borrower or of the provider of any credit enhancement or liquidity facility; (ii) assigning or pledging additional security for any of the Bonds which security shall be provided by the Borrower; (iii) curing any ambiguity, inconsistency or omission or supplementing any defective provisions of the Authorized Documents; (iv) permitting the qualification of the Indenture or any supplemental indenture

under the Trust Indenture Act of 1939 or any similar federal statutes hereafter in effect; (v) providing for any additional procedures, covenants or agreements necessary to convert the Bonds to tax-exempt obligations and to then maintain the tax-exempt status of interest on the Bonds; (vi) modifying or eliminating the book-entry registration system for the Bonds, if any; or (vii) providing for the appointment of a co-trustee/bondowner representative or the succession of a new trustee/bondowner representative authorized pursuant to the terms of the Indenture; provided such amendments are (1) made pursuant to a written request of the Borrower, (2) made pursuant to the terms of such documents, (3) are consistent with such documents, (4) do not require the consent of the holders of the Bonds and (5) do not provide for any additional duties or costs with respect to the Authority for which the Borrower does not agree in advance to reimburse or indemnify the Authority therefor.

Section 11. Notwithstanding anything to the contrary in this Resolution, the Bonds may not be issued until the Cities of La Habra Heights, Chino and Chino Hills have become associate members of the Authority and each Member Jurisdiction has held the requisite hearing pursuant to Section 147(f) of the Code.

Section 12. The provisions of this Resolution are hereby declared to be separable, and if any action, phrase or provision is for any reason declared to be invalid, such declaration does not affect the validity of the remainder of the sections, phrases and provisions.

Section 13. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 18th day of May, 2023.

CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY

By _____
Gurbax Sahota, Chair

Attest:

By _____
Michelle Stephens, Assistant Secretary

I, the undersigned, the duly appointed and qualified Assistant Secretary of the California Enterprise Development Authority, do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of said Authority at a duly called meeting of the Board of Directors of said Authority held in accordance with law on May 18, 2023.

Michelle Stephens, Assistant Secretary

Attachment I

PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, Heights Christian Schools, a California nonprofit religious corporation and an entity described in Section 501(c)(3) of the Internal Revenue Code, as amended, has provided the following required information to the California Enterprise Development Authority (the “Authority”), as conduit financing provider, prior to the Authority’s regular meeting on May 18, 2023 (the “Meeting”) of its Board of Directors (the “Board”) at which Meeting, the Board will consider the authorization of conduit revenue obligations in the aggregate principal amount not to exceed \$45,000,000 (the “Obligations”).

1. Stifel, Nicolaus & Company, Incorporated, as the underwriter of the Obligations, provided the Borrower with the required good faith estimates relating to the Obligations as follows (based on a currently expected combined par amount of \$31,080,000):
 - A. The true interest cost of the Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Obligations (to the nearest ten-thousandth of one percent): 7.2345%.
 - B. The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: \$1,768,335.
 - C. The amount of proceeds received by the public body for sale of the Obligations less the finance charge of the Obligations described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Obligations: \$28,598,298.
 - D. The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Obligations plus the finance charge of the Obligations described in subparagraph (B) not paid with the proceeds of the Obligations (which total payment amount shall be calculated to the final maturity of the Obligations): \$88,423,796.
2. The good faith estimates provided above were presented to the governing board of the Borrower, or presented to the official or officials or committee designated by the governing board of the Borrower to obligate the Borrower in connection with the Obligations or, in the absence of a governing board, presented to the official or officials of the Borrower having authority to obligate the Borrower in connection with the Obligations.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to a variety of factors. The actual interest rates

borne by the Obligations and the actual amortization of the Obligations will depend on market interest rates at the time of the issuance of the Obligations. Market interest rates are affected by economic and other factors beyond the control of the Borrower.

The Authority is authorized to make this document available to the public at the Meeting of the Authority.

RESOLUTION NO. 23-12

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY ESTABLISHING THE BONDS ASSISTING NEW DEVELOPMENT (BAND) PROGRAM AND AUTHORIZING CEDA TO TAKE ALL ACTIONS NECESSARY TO FORM COMMUNITY FACILITIES DISTRICTS AND ASSESSMENT DISTRICTS TO FINANCE CERTAIN PUBLIC INFRASTRUCTURE, LEVY SPECIAL TAXES AND ASSESSMENTS THEREIN, ISSUE BONDS THEREOF, ASSIST WITH THE FINANCING OF PUBLIC IMPROVEMENTS USING TAX INCREMENT FINANCING DISTRICTS, REFINANCE EXISTING DEBT OF MEMBER AGENCIES AND TAKE ANY RELATED ACTIONS

WHEREAS, the California Enterprise Development Authority (“CEDA”) 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 Exercise of Powers Agreement entered into on June 1, 2006, as amended from time to time (the “CEDA JPA”); and

WHEREAS, CEDA desires to establish the Bonds Assisting New Development (BAND) program (the “BAND Program”) to promote economic development within the jurisdiction of its existing member agencies and agencies that become associate members of CEDA (the “Member Agencies”) by forming community facilities districts (“CFDs”) and assessment districts (“ADs”, together with CFDs, the “Land Secured Financing Districts”) and to issue of bonds within such Land Secured Financing Districts; and

WHEREAS, the BAND Program shall be made available to all Member Agencies that adopt a resolution authorizing the BAND Program within its jurisdiction (the “Program Participants”); and

WHEREAS, CEDA shall select and retain all consultants necessary for the evaluation of any application and the proceedings for the formation of a district and the issuance of bonds, which shall include, but not limited to: special tax consultant, bond counsel, disclosure counsel, municipal advisor, assessment engineer, underwriter, appraiser, and market absorption consultant, if needed (collectively the “BAND Financing Team”); and

WHEREAS, BAND Financing Team will provide technical services required for the review of applications, the formation of Land Secured Financing Districts and the issuance of bonds; and

WHEREAS, BAND Financing Team are anticipated to be the point of contact with developers and the Program Participants so that such members may provide all necessary technical assistance related to the formation of Land Secured Financing Districts, sale of bonds, or post-issuance compliance; and

WHEREAS, the Chair of the Board of Directors of CEDA and his or her designee

will serve as the “Program Administrator,” and is responsible for oversight of the BAND Program, communication and coordination with Program Participants and CEDA’s Board of Directors (the “Board of Directors”), and BAND Program marketing; and

WHEREAS, the BAND Financing Team will actively market the BAND Program and attend conferences as representatives of the BAND Program; and

WHEREAS, CEDA additionally desires to promote economic development through the BAND Program by assisting Program Participants with financing public improvements through the establishment of enhanced infrastructure financing districts (“EIFD”) pursuant to Government Code Section 53398.50 *et seq.*, community revitalization and investment authorities (“CRIA”) pursuant to Government Code Section 6200 *et seq.* and climate resilience districts (“CRD,” collectively with an EIFD and CRIA, a “Tax Increment Financing District” or “TIF”), pursuant to Government Code Section 62300 *et seq.*, which are established to revitalize local communities, construct infrastructure improvements and assist with, amongst other things, climate action and resiliency measures and the issuance of bonds within such TIF; and

WHEREAS, CEDA desires to assist with the financing of public improvements through the formation of Land Secured Financing Districts, if such assistance is desired by the Member Agency and approved by this Board of Directors; and

WHEREAS, the CEDA JPA authorizes CEDA to finance public improvements within the jurisdiction of its Member Agencies and exercise powers that are common amongst the Member Agencies; and

WHEREAS, CEDA has the authority to form CFDs within jurisdictions of its Member Agencies with the approval of the applicable Member Agency to finance certain public improvements through the levy of special taxes (the “Special Taxes”) and/or issuance of bonds (“CFD Bonds”) pursuant to the Mello-Roos Community Facilities District Act of 1982 being Chapter 2.5, Part 1, Division 2 Title 5 (commencing with Section 53311) of the Government Code (the “Mello-Roos Act”); and

WHEREAS, CEDA has the authority to form ADs within jurisdictions of its Member Agencies with the approval of the applicable Member Agency to finance certain public improvements through the levy of special assessments (the “Assessments”) and/or issuance of bonds (“AD Bonds”) pursuant to the Municipal Improvement Act of 1913 (commencing with Section 10000 of the Streets and Highways Code) and Municipal Improvement Act of 1915 (commencing with Section 8500 of the Streets and Highways Code) (collectively the “AD Acts” and together with the Mello-Roos Act, the “Enabling Acts”); and

WHEREAS, certain public agencies may require, as a condition of development, the construction of public infrastructure to be owned and operated by such public agency (“Improvements”) and/or the payment of certain development impact fees pursuant to the Mitigation Fee Act (commencing with Section 66000 and following) (the “Fees”); and

WHEREAS, the Improvements and public improvements to be constructed in lieu

of the Fees (the “Fee Improvements,” together with the Improvements, the “Eligible Improvements”), as authorized by the Enabling Acts may be financed through the formation of CFDs and or ADs, levy of Special Taxes and/or Assessments and the issuance of bonds within the applicable CFD and/or AD (collectively the “Local Obligations”); and

WHEREAS, pursuant to Government Code Section 53550 *et seq.*, CEDA may refinance outstanding CFD Bonds and AD Bonds (collectively, the “Land Secured Bonds”), as well as outstanding Land Secured Bonds for CFDs and ADs created by Member Agencies; and

WHEREAS, CEDA desires to offer the BAND Program to enable Program Participants at the request of property owners within its jurisdiction to finance Eligible Improvements and authorize CEDA to conduct proceedings to form CFDs and/or ADs, levy and collect Special Taxes and/or Assessments on the property of participating owners (the “Participating Parcels”), as applicable, and issue Land Secured Bonds, as applicable; and

WHEREAS, in connection with the creation of the BAND Program, CEDA has established a program guideline (the “BAND Program Policies and Procedures”), attached hereto as Exhibit A, to set forth the terms and conditions for participation in the BAND Program and the CEDA Statement of Goals and Policies for Mello-Roos Community Facilities Districts required to be adopted pursuant to Government Code Section 53312.7(a) (“CFD Policy”), which is attached hereto as Exhibit B; and

WHEREAS, in order to finance the Eligible Improvements, CEDA, each Member Agency and owner(s) and/or developer of a Participating Parcel may desire to enter into a funding and acquisition agreement (“Funding Agreement”) to set forth the terms and conditions pursuant to which the Improvements will be constructed and the Fees that will be paid and reimbursed following the issuance of the Land Secured Bonds, a form of which has been attached hereto as Exhibit C; and

WHEREAS, pursuant to Government Code Section 53316.2, CEDA is authorized to finance facilities owned and operated by another public agency pursuant to a CFD so long as it enters into a joint community facilities agreement (the “JCFA”) with such entity, a form of which has been attached hereto as Exhibit D; and

WHEREAS, to achieve greater savings, CEDA may issue revenue bonds (the “CEDA Bonds”) pursuant to the Mark-Roos Local Bond Pooling Act of 1985 (commencing with Section 6584 *et seq.* of the Government Code) (the “Mark-Roos Act”) to periodically acquire the Local Obligations to provide financing for the Eligible Improvements or refinancing outstanding Land Secured Bonds; and

WHEREAS, the BAND Program will assume responsibility for filing tax compliance reports, California Debt and Investment Advisory Commission reports, continuing disclosure reports necessary to comply with the Securities Commission Rule 15c2-12, and any other required report in conjunction with the financings, which will be prepared

by a BAND Program consultant; and

WHEREAS, pursuant to the BAND Program, CEDA may desire to provide certain administrative services to the Member Agencies for the management of its existing financing districts.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF CEDA as follows:

Section 1. BAND Program Name. This Board of Directors hereby authorizes the establishment of the BAND Program, which shall be called the “Bonds Assisting New Development (BAND) Program.”

Section 2. Public Benefits. This Board of Directors finds and declares that properties in the jurisdiction of its Member Agencies will receive a significant benefit by the availability of the BAND Program.

Section 3. BAND Program Services. Upon adoption by a Program Participant of a resolution authorizing the BAND Program, the BAND Program is authorized to provide the following services :

a. **Land Secured Financing Districts.** At the request of property owners within the jurisdiction of the Program Participant, finance Eligible Improvements and authorize CEDA to conduct proceedings to form CFDs and/or ADs, levy and collect Special Taxes and/or Assessments on Participating Parcels, as applicable, and issue bonds, as applicable in accordance with the Enabling Acts.

b. **Tax Increment Districts.** CEDA is hereby authorized to explore opportunities to allow CEDA to assist Program Participants with financing public improvements through the formation of TIFs, the collection of tax increment within a TIF and tax increment bonds (“TIF Bonds”), which may require authorization through an amendment to CEDA’s JPA.

c. **Administrative Services.** CEDA is hereby authorized to explore opportunities to allow CEDA to provide Program Participants with administrative services should such Program Participant desire to engage CEDA to administer one or more CFDs and ADs formed by the Program Participant, which may require authorization through an amendment to CEDA’s JPA.

d. **Refinancing of Existing CFD/AD Debt.** CEDA may refinance the Land Secured Bonds. Additionally, CEDA may refinance debt of CFDs and ADs that were formed by the Program Participant.

Section 4. Implementation of BAND Program. The Board of Directors hereby authorizes the BAND Program in accordance with the provisions set forth in this Section 4.

a. BAND Program Participation. Any Member Agency may elect to participate in the BAND Program. Any public agency not already a Member Agency may adopt a resolution joining CEDA as an associate member.

b. Policies and Procedures. The BAND Program Policies and Procedures attached hereto as Exhibit A are hereby approved and may be amended from time to time upon approval of this Board of Directors.

c. Boundaries. The BAND Program boundaries shall consist of the boundaries of all Program Participants, which have elected to participate in the BAND Program (the "Boundaries"). Any Participating Parcels located within the Boundaries shall be eligible to participate in the BAND Program. CEDA may establish one or more Land Secured Financing Districts to finance Eligible Improvements and will undertake such proceedings pursuant to Enabling Acts as necessary to finance the Eligible Improvements within the Boundaries for Participating Parcels.

d. Determination of Eligible Improvements. CEDA may finance Eligible Improvements for Participating Parcels and any other improvements as may be authorized to be financed by the Enabling Acts.

e. Financing the Installation of Eligible Improvements. CEDA shall develop and implement a plan for the financing of the Eligible Improvements for Participating Parcels under the BAND Program, which may include, but is not limited to, the issuance of Local Obligations and CEDA Bonds.

f. Local Goals & Policies. CEDA hereby adopts the CFD Policy attached hereto within Exhibit B, which shall govern the CFDs formed pursuant to the BAND Program.

g. Approval of Forms of Agreements. The forms of the Funding Agreement and JCFAs are hereby approved together with such changes as the Chair or his or her designee (the "Authorized Representative") may approve and the Authorized Representative is authorized to execute and deliver Funding Agreements and JCFAs as necessary.

h. Ongoing Administration of Land Secured Financing Districts formed by CEDA. CEDA shall be responsible for the ongoing administration of the BAND Program, including, but not limited to, soliciting, reviewing and approving applications from property owners participating in the BAND Program, formation of the Land Secured Financing Districts, issuance of Local Obligations and Land Secured Bonds therein, disbursement of bond proceeds, establishing and collecting Special Taxes and Assessments due under the BAND Program, adopting and implementing any rules or regulations as may be required for the BAND Program, and providing any disclosure as may be statutorily required.

The Member Agency will not be responsible for the conduct of any proceedings required to be taken under the Enabling Acts; the levy or collection of Special Taxes and/or Assessments or any required remedial action in the case of delinquencies in such

Special Tax/Assessment payments; or the issuance, sale or administration of the Land Secured Bonds, Local Obligations or any other bonds issued in connection with the BAND Program.

i. **Modifications.** CEDA may make modifications to the BAND Program from time to time in consultation with its financing team. CEDA shall provide notice of any material changes to the BAND Program to Program Participant's authorized representative following the adoption of such changes via electronic mail or such other form of communication as agreed to by the Program Participant and CEDA. The Program Participant may opt-out of any such changes provided that the Program Participant shall notify CEDA within 30 days of the date of the notice.

j. **Withdrawal.** Any Program Participant may withdraw from the BAND Program in accordance with this provision and Section 2.9 of the CEDA JPA.

Section 5. Environmental Review. All environmental reviews for a project being financed pursuant to the BAND Program shall have been completed by the Program Participant or such other public agency prior to the issuance of the bonds. The approval or any financing by CEDA shall not constitute a project under the California Environmental Quality Act.

Section 6. Entire Agreement. This resolution along with the CEDA JPA, as may be amended, and the JCFA shall constitute the entire agreement between the parties.

Section 7. Authorized Representative. The Authorized Representative is authorized and directed to coordinate with CEDA, CEDA Staff and the BAND Program's financing team to facilitate operation of the BAND Program, take any and all actions required to establish and operate the BAND Program, and execute any agreements and documents required to facilitate the BAND Program.

Section 8. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of the California Enterprise Development Authority on the ____ day of _____, 2023 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chair

ATTEST:

Assistant Secretary

BAND FINANCING PROGRAM POLICIES & PROCEDURES

EXHIBIT A

BAND PROGRAM POLICIES AND PROCEDURES

This document has been prepared to outline the policies and procedures for the Bonds Assisting New Development (“BAND”) financing program (the “BAND Program”).

The California Enterprise Development Authority (“CEDA” or the “Authority”) is a Joint Powers Authority, which created the BAND Program that promotes economic development by facilitating the financing of public infrastructure. The BAND Program allows CEDA’s member agencies (“Member Agencies”) to issue land secured bonds and Tax Increment Financings (“TIFs”) through a streamlined process, which will facilitate the acquisition/construction of public infrastructure and public services to promote new development, community revitalization, and climate resiliency.

The purposes and activities of CEDA are governed by the Joint Exercise of Powers Agreement, dated June 1, 2006 and CEDA’s Bylaws.

As a joint powers authority, CEDA has the legal authority to issue tax-exempt (and taxable) bonds on behalf of other public agencies. Bonds can be issued on a pooled or stand-alone basis and are limited obligations of CEDA. CEDA will have no financial liability or obligations related to the repayment of the bonds issued.

CEDA MEMBERSHIP

The BAND Program is open to all CEDA members. To become an associate member (“Associate Member”) of CEDA, a public agency must adopt a Resolution authorizing the public agency to join CEDA. To utilize the BAND Program, Associate Members must become program participants (“Program Participants”) by adopting a Resolution authorizing CEDA to act on behalf of the Program Participant in the formation of the financing district, bond issuance process, and on-going administration.

The BAND Program will only issue bonds for projects that are within the jurisdictional boundaries of Program Participants, unless otherwise authorized by CEDA’s Board of Directors and by law.

BAND FINANCING TEAM

CEDA shall select and retain all consultants necessary for the evaluation of any application and the proceedings for the formation of a district, the issuance of bonds, and on-going administration of such districts and bonds. The financing team members shall include but not be limited to: bond counsel, financial/municipal advisor, underwriter, disclosure counsel, trustee, and revenue consultant, collectively the “BAND Financing Team.” CEDA may engage other professionals as needed to facilitate the formation of a district, issuance of bonds, and the on-going administration of such districts and bonds.

BAND PROGRAM

The BAND Program is a financing vehicle provided by CEDA to its members to facilitate economic development. The BAND Financing Team will provide technical services required for the review of applications, district formation, and the issuance of bonds. Specifically, the BAND Financing Team members are expected to be the day-to-day contact with developers and Program Participants, and

BAND FINANCING PROGRAM POLICIES & PROCEDURES

provide technical assistance related to the formation of a district, sale of bonds, on-going administration, or post-issuance compliance.

CEDA and the BAND Financing Team will work collaboratively to provide the highest level of service to Program Participants and developers. The Chair of the Board of Directors of CEDA will serve as the “program administrator”, responsible for program oversight, communication, and coordination with Member Agencies and Program Participants, as well as with the CEDA Board. CEDA will oversee the marketing of the BAND program. The BAND Financing Team will also be expected to actively market the BAND Program and attend conferences as representatives of the BAND Program.

Continuing Disclosure – When bonds are issued in the capital markets, public agencies are required to file annual disclosure reports to comply with requirements of the Securities and Exchange Commission (“SEC”), the California Debt and Investment Advisory Commission (“CDIAC”), and other Federal and State continuing disclosure requirements. The BAND Program will assume responsibility for filing the required continuing disclosure reports, which will be handled by a member of the BAND Financing Team.

ECONOMIC DEVELOPMENT FINANCING

The purpose of the BAND Program is to facilitate the issuance of tax-exempt (and taxable) bonds to finance public infrastructure costs to foster economic development. The bonds will be payable from and secured by special tax/assessment and property-tax based revenues, which can be categorized into two main types of bonds: land secured bonds or tax increment financings.

Land Secured Bonds (ADs and CFDs)

Land secured bonds (“Land Secured Bonds”) are secured by a special tax or assessment lien, which allows for the collection of special taxes and assessments, as applicable, with the property tax bill. These revenues can be used to finance certain public infrastructure and services (i.e., pay-go capital projects and services), or can be pledged toward a bond issue to finance public infrastructure.

ADs - An Assessment District (“AD”) can be used to finance anything that provides general public benefit such as roads, parks, and water/sewer infrastructure. ADs are backed by a special assessment, which requires an Engineer’s Report that determines a “benefit nexus” between the facilities and those that pay for it. Approval of the special assessment requires a public hearing and can be adopted unless there is a majority protest (more than 50% against).

CFDs – Community Facilities Districts (“CFDs”) are often developer-initiated financings on undeveloped residential projects, commercial/industrial, and mixed-used projects that can finance any public improvements with a useful life of five years or more and certain public services. CFDs require a multi-step formation process, which places a special tax on the underlying property, commonly referred to as “Mello Roos” tax. The rate, terms and conditions of the special tax are defined in a Rate and Method of Apportionment (RMA). Unlike ADs, there is no benefit nexus requirement for Mello Roos districts. CFDs require a 2/3 registered voter approval. CFDs are often formed on undeveloped land that contains fewer than 12 registered voters. In this case, a landowner election is held where votes are based on the number of acres owned in the district.

BAND FINANCING PROGRAM POLICIES & PROCEDURES

Tax Increment Financings (EIFDs, CRIAs, and CRDs)

Tax Increment Financings or TIFs are tools that allow public agencies to leverage and “monetize” the growth in property value to promote economic development. TIFs work by establishing a “base level” of property tax values within district boundaries. The growth in property tax values above the base level is treated as tax increment, which can be used to pay for “pay-go” capital projects or leveraged (“monetized”) by pledging toward TIF bonds. The growth in property tax values above the base level is treated as tax increment, which can be used to pay for improvements or pledged toward TIF bonds. Three new types of TIFs were created after the dissolution of redevelopment, whereby CEDA can assist in formation and issuance of bonds to promote economic development.

EIFDs – Enhanced Infrastructure Financing Districts (“EIFDs”) were first established in 2014 and the law related to EIFDs has since been amended. EIFDs allow for funding of public infrastructure and maintenance, housing development, transportation infrastructure, sewage treatment, and climate adaptation projects among other uses. There is not a specific set-aside percentage for affordable housing, but all housing that is developed within an EIFD using tax increment must be affordable.

One key element of a EIFD is the ability to also have a county (and other local jurisdictions) join the district and pledge a portion of its property tax revenues to further promote a project or area of interest.

CRIAs – Community Revitalization and Investment Authority (“CRIAs”) were first established in 2015 to provide public infrastructure in disadvantaged communities, with a 25% set-aside requirement for affordable housing and have the power of eminent domain for the first 12 years. To qualify, a city/county must meet the criteria for disadvantaged communities (high unemployment or crime rates, low median household income, and neighborhoods with deteriorated infrastructure). A CRIA must adopt a revitalization plan that identifies the specific activities the CRIA will carry out and finance, and limits activities to only the designated areas defined by the plan. CRIAs may fund public infrastructure, affordable housing, remediate contaminated properties, and provide financial assistance to small businesses. CRIAs do not require public vote for creation or issuance of bonds; however, they are subject to majority protest at adoption like ADs.

EIFDs and CRIAs must be formed by a Public Financing Authority (PFA), comprised of 5 members: 3 elected officials and 2 community members who live or work in the District.

CRDs – Climate Resiliency Districts (“CRDs”) are a new tool available to cities and local agencies. CRDs were created by SB 852 in 2022 and came into effect on January 1, 2023. CRDs have the ability to levy either a benefit assessment, special tax, property-related fee, or other service charge or fee, but are limited to funding projects that address sea level rise, extreme heat, extreme heat and cold, the risk of wildfire, drought, and flooding. CRDs must comply with existing laws related to EIFDs.

TIF Formation - Tax Increment Financing Districts require the formation of a separate joint powers authority, comprised of representatives that live/work in the local jurisdiction. The BAND Financing Team can assist with the district formation process and subsequent bond issuance.

TIF Bond Issuance - Several public agencies across California are in process of forming EIFDs or CRIAs, while CRDs are new financing mechanisms. It will take a few years for the tax increment to grow to sufficient levels to issue bonds in these districts. Land secured financing (CFDs and ADs) and lease

BAND FINANCING PROGRAM POLICIES & PROCEDURES

financing can be issued in conjunction with or issued prior to TIF bonds in order to accelerate development and growth in the assessed value of the underlying property in the district.

CEDA expects to be at the forefront of these new economic development tools. The BAND Program's immediate focus will be directed at issuing land secured bonds and assisting in the formation of new TIF districts. CEDA has assembled a financing team with expertise in the formation of these types of financings.

BAND PROGRAM FEATURES & REQUIREMENTS

Construction or Acquisition - Capital improvements may be financed on an acquisition or construction basis. The acquisition of public capital improvements shall require a Funding and Acquisition Agreement, in a form approved by CEDA and the Program Participant that will own such improvements.

Program Participants shall determine the priority of projects/services being financed. Bond counsel will determine eligibility of any public facilities and/or services that can be financed.

State & Federal Contracting Guidelines - Public improvements financed with bond proceeds must adhere to all local agency bidding guidelines, applicable State and Federal contracting regulations (including prevailing wage), and adhere to all provisions stipulated in the Funding and Acquisition Agreement.

Other Agency Public Infrastructure/Facilities - The BAND Program will permit the funding of public infrastructure facilities to be owned, operated, or maintained by other public agencies, as approved by the CEDA Board of Directors.

Indemnity Clause – CEDA and the Program Participant shall mutually defend, indemnify and hold the other party and its directors officials, officers, employees and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liabilities, losses, damages, or injuries of any kind, in law or equity, to property or persons, including wrongful death, to the extent arising out of willful misconduct or negligent acts, errors, or omissions of the indemnifying party or its directors, officials, officers, employees and agents in connection with the BAND Program, including without limitation the payment of expert witness fees and attorneys' fees and other related costs and expenses, but excluding payment of consequential damages. In no event shall any of CEDA's Member Agencies or their officials, officers or employees be held directly liable for any damages or liability resulting out of the BAND Program; provided, however, with respect to the design, construction, operation and/or maintenance of the BAND Program financed improvements or services, formation of TIFs and bond issuance thereof, which are undertaken by a Program Participant and any disclosure required to be provided and completed by the Program Participant, the Program Participants shall be required to indemnify, defend and hold harmless, CEDA and each of its members, officials, agents, employees, attorneys and representatives from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorneys' fees) and any demands of any nature whatsoever related directly or indirectly, or arising out of or in connection with such facilities, services, formation, bonds and/or disclosure.

Additional features specific to each type of bond may be further defined in additional policy documents.

BAND FINANCING PROGRAM POLICIES & PROCEDURES

APPLICATION PROCESS

Since CFDs are often issued on undeveloped land, selection of a project for formation and bond issuance will require an application, payment of application fees, due diligence and review by the BAND Financing Team. The review process will examine a number of factors, including, but not limited to: value-to-lien ratio, entitlement status, and development status.

DEPOSIT AGREEMENT

Each application for the formation of a district shall be accompanied by a deposit agreement. The Program Participant or developer shall make an initial deposit in an amount to be determined by CEDA in consultation with the BAND Financing Team, which will be adequate to pay for costs and expenses incurred by CEDA related to the evaluation of an application and formation of a district. These services may include, but are not limited to, legal, special tax consultant, engineering, appraisal, market absorption, municipal advisor, CEDA administrative and staff costs and expenses, required notifications, printing and publication costs.

Successful district formation in no way assures that bonds will be issued. Any risks inherent with any failure to form any proposed district and/or failure for any anticipated bond issuance to occur, including, without limitation, the amount and timing of issuance shall be borne entirely by the applicant and shall not be borne by CEDA or related entities.

Land Secured Bonds - Should a CFD or AD be successfully formed, the developer shall deposit any additional monies required to issue bonds thereafter. The deposit shall be held in a custodial account with the BAND Program Trustee. All cost of issuance and pre-formation costs can be reimbursed to the Developer upon the sale of CFD or AD bonds.

TIF Bonds - A deposit is not required for the issuance of tax increment financing bonds for an Associate Member, since fees paid to the financing team of TIF bonds are paid on a contingent basis (i.e., upon successful sale and closing of the bonds).

PROGRAM PARTICIPANT RESPONSIBILITIES

CEDA shall not own any of the public infrastructure financing through the BAND Program. CEDA shall not be responsible for the collection of development impact fees, the design construction or acquisition of public improvements or the provision of services. CEDA shall not be responsible for the oversight, review, inspection, or other work necessary with respect to such improvements or services financed by the BAND Program.

Program Participants will be required to provide certifications regarding the reasonable expectations of the use of bond-funded fees and charges and improvements funded thereby as necessary to ensure that bonds are issued on a tax-exempt basis.

Continuing Disclosure Program Participants – Program Participants that issued tax increment bonds (EIFDs, CRIAS, and CRDs) are required to satisfy the annual disclosure requirements pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, on an ongoing basis.

Continuing Disclosure Developers - Owners of a substantial portion of property within a land secured district may be required, by the underwriter of the CFD or AD bonds, to satisfy the annual disclosure

BAND FINANCING PROGRAM POLICIES & PROCEDURES

requirements pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, on an ongoing basis (or until fully sold).

WAIVERS AND ONE-TIME ADJUSTMENTS

Due to changing market conditions and/or particular elements of a project/financing, any portion of the stated goals or policies may be waived or amended on a case-by-case basis by CEDA. Any waiver or one-time adjustments to an element of these policies must be backed by supporting documentation, such as a staff report drafted by a member of the BAND Financing Team.

EXHIBIT B

CEDA STATEMENT OF GOALS AND POLICIES FOR MELLO-ROOS COMMUNITY FACILITIES DISTRICT

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY STATEMENT OF GOALS AND POLICIES FOR MELLO-ROOS COMMUNITY FACILITIES DISTRICTS

The Board of Directors (the “Board of Directors”) of the California Enterprise Development Authority (“CEDA”) has established its Bonds Assisting New Development program (“BAND Program”) which allows for, among other things as described below, financing public infrastructure and services through the utilization of community facilities districts (“CFDs”). The Board of Directors has established separate BAND Financing Program Policies and Guidelines (“Program Guidelines”). In order to initiate proceedings to form CFDs, a public agency must establish and state its goals and policies concerning the use of the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 of Part I of Division 2 of Title 5 of the Government Code of the State of California) (the “Act”), as amended. The Board of Directors hereby establishes and states its goals and policies in order to provide adequate public infrastructure improvements and public services for its member agencies (each a “Member Agency”) through the utilization of community facilities districts (“CFDs”). These Policies, along with the Program Guidelines, shall govern CFDs established by CEDA. All other types of financings authorized pursuant to the BAND Program shall be governed by the Program Guidelines.

CEDA BAND PROGRAM

CEDA is a Joint Powers Authority (the “JPA”) established to promote economic development through the financing of infrastructure improvements designed to promote, among other things, community revitalization, affordable housing, and climate action and resiliency measures. The BAND Program is open to all California government agencies that are members of CEDA.

To utilize the BAND Program, a project must have a sponsoring Member Agency (the “Program Participant”). In order to be a sponsoring Program Participant, the Member Agency must authorize the BAND Program within its jurisdiction, by adopting the requisite Authorizing Resolution. All fees shall be paid by the owner or developer of property participating in the BAND Program, as described herein.

The BAND Program intends to also support applications for tax increment financing (“TIF”) district financings, including but not limited: Enhanced Infrastructure Finance District (“EIFD”), Community Revitalization and Investment Authorities (“CRIA”) and Climate Resiliency Districts (“CRDs”). The Program Guidelines shall govern tax increment financing districts.

The following Statement of Goals and Policies (the “Policies”) shall apply only to CFDs financed by the BAND Program. Any policy or goal stated herein may be supplemented, amended or waived by resolution or motion adopted by the Board of Directors.

PURPOSE AND SCOPE

The purpose of the Policies is to provide guidance in the application for and consideration of the establishment of CFDs through the BAND Program for the purpose of financing or assisting in financing the acquisition or construction of public infrastructure or the provision of authorized public services to benefit and serve either existing or new development or a combination thereof. All actions required to be taken by CEDA pursuant to the Policies may be taken by the Chair of the Board of Directors of CEDA or their designee.

The scope of these Policies are limited to the proposed formation of CFDs for the limited purpose of financing the acquisition or construction of public infrastructure in accordance with the Act, the issuance of bonds within a CFD, and/or the provision of authorized public services.

The BAND Program will only form CFDs and issue bonds for projects that are within the jurisdictional boundaries of Program Participants that have authorized the BAND Program by resolution.

INTRODUCTORY STATEMENT

CEDA will consider applications initiated by owners or developers of property proposed to be developed (the “Applicant”) to finance authorized public improvements or to provide authorized public services, which benefit or serve existing or new development or a combination thereof.

Each application for the establishment of a CFD must comply with the policies contained herein unless the Board of Directors expressly grants an exception to or waiver of one or more provision of the Policies.

AUTHORIZED PUBLIC FACILITIES

Eligible Public Facilities. Eligible public facilities include, but are not limited to, the types of public infrastructure or facilities specified in Government Code Section 53313, or may hereafter be amended, which includes, but is not limited to parks, roads, sidewalks, sewer and water infrastructure, school facilities, library and recreational facilities, and police and fire facilities. Eligible costs financed by the BAND Program must, upon the completion of the construction or acquisition thereof, be owned and operated by a Program Participant or another public agency and must have a useful life of five (5) years or more or eligible capital fees in lieu of facilities.

Other Agency Public Infrastructure/Facilities. The BAND Program permits the funding of public infrastructure facilities to be owned, operated or maintained by either Program Participant and/or other public agencies, only if CEDA, enter into a joint community facilities agreement with such agency.

Construction or Acquisition. Capital improvements may be financed on an acquisition and/or construction basis. Acquisition agreements for the acquisition of public capital improvements

shall be in the form approved by the Program Participant or other public agency that will own such improvements.

State & Federal Contracting Guidelines. Public improvements financed with tax-exempt bond proceeds must be constructed under the supervision of the Program Participant, or other public agency that will own such improvements under public contracting guidelines applicable to such agency and adhere to applicable State and Federal contracting guidelines.

Reasonable Basis to Spend Proceeds. Each Program Participant and other public agency receiving CFD bond proceeds will be required to provide certifications regarding the reasonable expectations of the use of capital improvements funded with tax-exempt bond proceeds as necessary to ensure that CFD bonds may be issued on a tax-exempt basis.

The Program Participant or other public agency receiving CFD bond proceeds shall have the final determination as to the eligibility of any facility for financing; provided, however that CEDA shall make the final determination as to whether such series of CFD bonds may be issued on a tax-exempt basis.

Private Facilities. Financed improvements may be privately-owned in the specific circumstances, and subject to the conditions, set forth in the Act or as amended, and subject to the approval of Bond Counsel.

PRIORITIZATION OF FACILITIES

The BAND Program shall give first priority to public facilities benefiting the Program Participant within whose jurisdiction the CFD is being formed. Secondly, priority shall be given to assist in the financing of other public facilities to be owned, operated or maintained by other public agencies that are not a Program Participant. The Board of Directors shall have the final determination as to the prioritization of financing of any facilities.

AUTHORIZED PUBLIC SERVICES

Public services proposed to be financed through a CFD may include any service authorized pursuant to Section 53313 of the Act, including, but not limited to police, fire, library, landscaping and maintenance, and recreation services, provided, however that CFDs may only finance recreational program services, library services, maintenance for elementary and secondary school sites and structures, and the operation and maintenance for museums and cultural facilities and library services upon approval of registered voters, per Section 53313(c) of the Act.

The Board of Directors shall have the final determination as to the prioritization of financing of such services.

PROGRAM APPLICATION

The Applicant that requests CEDA to form a CFD shall complete an application, in such form as CEDA may prescribe. Any information provided in the application must be considered public information by California law. Developers of land who are not the owner may complete an application only if such developer holds an option to purchase.

CEDA reserves the right to request additional reports, information and/or studies reasonably necessary to evaluate an application. CEDA may confer with the BAND Financing Team (defined below) or other consultants in determining the required information needs. The failure of an Applicant to provide complete and accurate information and/or failure to notify CEDA of material changes may result in CEDA halting the CFD formation and/or bond issuance process.

APPROVAL OF PUBLIC AGENCY

The Applicant must have the approval of the public agency to develop the property in which the project is located. Such approval may be in the form of a resolution of the city council or board of supervisors, a letter delivered by mail, by electronic means from an appropriate public agency official.

DEVELOPER AGREEMENT AND DEPOSIT

Each application for the formation of a CFD shall be accompanied by a deposit agreement, in a form prescribed by CEDA. The Applicant shall make an initial deposit in an amount to be determined by CEDA to be adequate to fund the evaluation of the application, and undertake the formation of the CFD.

If additional funds are required to pay formation costs, CEDA may make written demand, upon which the Applicant shall deposit the required amount of additional funds within ten (10) business days. Upon the depletion of the funds deposited by the Applicant, all proceedings shall be suspended until receipt of additional funds in the deposit account.

The deposits shall be used by CEDA to pay for costs and expenses incurred incident to the evaluation of the application and the proceedings for the formation of the CFD and the issuance of the special tax bonds therefor, including, but not limited to, legal, special tax consultant, engineering, appraisal, market absorption, municipal advisor, CEDA administrative and staff costs and expenses, required notifications, printing and publication costs.

Successful CFD formation in no way assures that CFD bonds will be issued. Any risks inherent with any failure to form any proposed CFD and/or failure for any anticipated bond issuance to occur, including, without limitation, the amount and timing of issuance shall be borne entirely by the Applicant and shall not be borne by CEDA, its Program Participant or related entities.

Should the Applicant succeed in the formation of a CFD, the Applicant shall deposit any additional monies required to issue CFD bonds thereafter with CEDA or its designee. All cost of issuance and pre-formation costs may be reimbursed to the Applicant upon the sale of CFD bonds.

BOND FINANCING PARAMETERS & CREDIT QUALITY

All terms and conditions of any CFD bonds issued by the BAND Program shall be established by CEDA, including, without limitation, the sizing, timing, term, interest rates, discount, redemption features, flow of funds, investment provisions and foreclosure covenants.

Each bond issue shall be structured to adequately protect bond owners. CEDA will work with its advisors, attorneys, consultants and underwriter, collectively the “BAND Financing Team,” to review each proposed project for financing to determine its credit quality and economic viability. Unless otherwise approved by Board of Directors, the following shall serve as minimum bond requirements:

Value to Lien Requirement. CEDA will require that the credit quality of any special tax bond issue meet the requirements of Section 53345.8 of the Act. CEDA will require that the real property that would be subject to the special tax to pay debt service on the bonds will be at least three (3) times the principal amount of the sum of (i) the principal amount of the bonds to be sold and (ii) the principal amount of all other bonds outstanding that are secured by a special tax levy levied on property within the CFD.

Debt Service Reserve Fund (“DSR”). A DSR fund shall be established for each bond issue, which will be funded out of the bond proceeds in an amount equal to the lesser of: (i) 10% of the original proceeds of the bond issue, (ii) maximum annual debt service on the bonds of such issue, and (iii) 125% of the average annual debt service on the bonds of such issue. A DSR fund can be established by a bond insurance DSR surety or letter of credit or be cash funded.

Capitalized Interest. Interest shall be capitalized for a bond issue only so long as necessary to place the special tax installments on the assessment roll; provided, however, interest may be capitalized for a term to be established in the sole discretion of CEDA on a case-by-case basis, not to exceed the term permitted under the Act. The term of capitalized interest shall take into consideration the value-to-debt ratio, the expected timing of initial occupancies, expected absorption and buildout of the project, the expected construction and completion schedule for the public improvements to be funded from the proceeds of the bond issue in question, the size of the bond issue, the development pro forma, the equity position of the Applicant and such other factors as CEDA and the BAND Financing Team may deem relevant.

Payment of Bonds. Neither CEDA nor the Program Participant shall be required or expected to make any payment of the bonds out of its general funds or other available funds. The sole source of revenue for the payment of the bonds is limited to the special taxes levied in a particular CFD and capitalized interest account, if any, and moneys on deposit in the reserve fund established for the respective CFD bonds.

Absorption Study. CEDA may require an independent absorption study of any proposed undeveloped residential development project within a proposed CFD, prior to the issuance of CFD bonds for such CFD. The independent absorption study shall be used to:

1. verify proposed base pricing of the finished products (lots or completed buildings or dwelling units) subject to the levy of the special tax,
2. determine the projected market absorption of such finished products and
3. verify that sufficient special tax revenues can be generated to fund the Special Tax Requirement for the CFD.

CEDA may request the use of an absorption study, in other cases as the BAND Financing Team may be deem appropriate.

Entitlement and Development Status. CEDA will require the Applicant to have obtained all environmental approvals, land use planning and CEQA approvals, special permits (e.g., permits required by the Army Corps of Engineers, California Fish and Game, and other agencies), and approval by the city or county in whose jurisdiction the development lies of a tentative map prior to the issuance of any special tax bonds. The Applicant will also be required to provide CEDA with information regarding all discretionary approvals that remain necessary for development of the Applicant's project to proceed to the Applicant's planned development stage.

Credit Enhancement. CEDA may, at its sole discretion, require additional credit enhancement to be provided by one or more developers and/or landowners to increase the credit quality of any CFD bond issue and to reduce the potential for a bond default.

Credit enhancement may be required when a substantial portion of the property within a CFD is undeveloped, particularly where the value-to-debt ratio of a significant portion of the property is less than 3:1, or in such other situations where CEDA or the BAND Financing Team determines that credit enhancement is necessary, appropriate or prudent.

Such credit enhancement will usually be in the form of an irrevocable standby letter of credit, will be required to be in an amount not less than 200% of the share of debt service allocable to the applicable developer owned parcels for which such credit enhancement is required and will be required to remain in effect until the share of debt service allocable to such developer owned parcels is less than 20% of the annual debt service on all outstanding bonds issued for such CFD. The credit enhancement will generally be required to be issued or guaranteed by an entity, the long term unsecured obligations of which are rated at least "A" by Moody's Investor Service or S&P Global Ratings.

Draws under such credit enhancement shall be used to pay debt service, replenish the reserve fund and/or cover CEDA's costs of foreclosure for the related property in advance of any recovery from foreclosure proceeds. Such draws shall not be credited to the payment of special taxes. All fees payable on such letter of credit or other security shall be the sole responsibility of the applicant, developer or landowner, not CEDA or the CFD, and such fees shall not be payable or reimbursable from bond proceeds or CFD special taxes.

Escrow Fund. As an alternative to providing credit enhancement, the Applicant may request a portion of the bond proceeds be placed in escrow with a trustee or fiscal agent in an amount sufficient to assure the financing will meet the applicable credit criteria, including, but not limited to, meeting a value-to-lien ratio of at least three to one (3:1) on the outstanding proceeds (subject to federal tax laws). The escrowed proceeds shall be released at such times and in such amounts as may be necessary to assure the applicable credit criteria has been met. CEDA may require the Applicant or developer to bear the cost of such an escrow fund, including, but not limited to, the difference between the interest cost of the CFD bonds and investment earnings during the escrow period.

Refunding of CFDs. The CFD bonds are eligible for refunding pursuant to the Act, Government Code Section 53362 or any other statute that permits the refunding of such bonds.

Additional Measures. CEDA may require placement of bonds with a limited number of sophisticated investors, large bond denominations, and/or transfer restrictions in situations where there is an insufficient value-to-lien ratio, where a substantial amount of the property within a CFD is undeveloped, where tax delinquencies are present in parcels within the CFD, and in any other situation identified by the BAND Financing Team.

CEDA may also require certain development milestones be reached prior to the issuance of bonds. In addition to the requirements of this policy, minimum credit quality for specific bonds may also be subject to underwriting criteria prevalent at the time of sale.

EQUITY OF SPECIAL TAX FORMULAS AND MAXIMUM SPECIAL TAXES

CEDA's criteria for evaluating the equity of tax allocation formulas, and the desirable and maximum amounts of special taxes to be levied against any parcel pursuant to the Act, are set forth in this section.

Reasonable Basis of Apportionment. Special taxes must be allocated and apportioned on a reasonable basis to all categories and classes of property (other than exempt property) within the CFD. Exemptions from the special tax may be given to parcels, which are publicly owned, are held by property owners associations, are used for a public purpose such as permanent open space or wetlands, are receiving a welfare exemption within the meaning of California Revenue and Taxation Code Section 214(g) or are affected by public utility easements making impractical their utilization for other than the purposes set forth in the easement.

Maximum Special Taxes and Aggregate Tax and Assessment Burden. It is the policy of CEDA that the maximum annual special tax applicable to any parcel used for residential purposes within a CFD formed by CEDA shall not exceed one percent (1%) of the base sale price, i.e., excluding upgrades and lot premiums, of residential properties to be subject to the levy of the special tax (the "Developed Residential Properties"), determined prior to the issuance of CFD bonds for the CFD. The base sales price of such Developed Residential Properties shall be based upon (i) a price point analysis undertaken by a market absorption consultant retained by CEDA or (ii) a price point analysis undertaken by a market absorption consultant retained by the Applicant for a proposed CFD and that conclusions have been verified by a market absorption consultant retained by CEDA.

Maximum Aggregate Annual Tax Rate. The aggregate total of all property taxes, assessments and special taxes described below, shall not exceed 2%, of such base sales price of Developed Residential Properties:

- A. Ad valorem property taxes;
- B. Voter approved ad valorem property taxes in excess of one percent (1%) of the assessed value of the subject properties;
- C. The maximum annual special taxes levied by the CFD under consideration and any other CFD or other public agency;

D. The annual assessment installments, including any administrative surcharge, for any existing assessment district where such assessment installments are utilized to pay debt service on bonds issued for such assessment district;

E. Annual assessments levied within an assessment district to pay for maintenance or services; and

provided, however, in certain circumstances such total effective tax rate may be increased up to 2.5%, upon approval of CEDA and the BAND Financing Team. The foregoing requirement shall apply not only to property taxes, assessments and special taxes that are being levied at the time of formation of the CFD but such additional property taxes, assessments and special taxes that have been authorized but not yet levied, as estimated by CEDA.

RATE AND METHOD OF APPORTIONMENT

The rate and method of apportionment of the special tax (“RMA”) for any CFD shall adhere to the following requirements:

A. The RMA must be structured so as to produce special tax revenues sufficient to (i) pay scheduled debt service on all bonds issued for the CFD, (ii) pay annual services or maintenance expense, if applicable, (iii) pay amounts equal to existing or projected delinquencies in special tax payments, (iv) fund any amounts required to establish or replenish any reserve fund established for such bonds, and (v) pay reasonable and necessary annual administrative expenses of the CFD.

Additionally, the RMA may be structured so as to produce amounts sufficient to (i) pay directly the costs of public facilities authorized to be financed by the CFD, (ii) accumulate funds reasonably required for future debt service on bonds issued by the CFD, (iii) fund remarketing, credit enhancement or liquidity fees, and (iv) fund any other costs or payments permitted by law. The special tax revenues necessary to fund all required expenses or deposits for a CFD may be referred to as the “Special Tax Requirement.”

B. The RMA must be structured such that the projected maximum special tax that could be levied in any fiscal year would produce special tax revenues at least equal to (i) 110% of projected annual debt service on all bonds issued by the CFD for the calendar year commencing in such fiscal year, plus (ii) projected administrative expenses of the CFD for the calendar year commencing in such fiscal year.

C. A backup special tax shall be required for any CFD to protect against changes in density resulting in the generation of insufficient special tax revenues to pay annual debt service and administrative expenses. CEDA may additionally or alternatively require, that as a condition of approval of the downsizing of the development in a CFD at the request of the Applicant or the Applicant’s successor-in-interest, as applicable, prepayment of such portion of the special tax obligation as may be necessary in the determination of CEDA to ensure that adequate debt service coverage exists with respect to any outstanding bonds or otherwise provides security in a form and amount deemed necessary by the Board of Directors to provide for the payment of debt service on the bonds.

D. An option to permit the prepayment, in whole or in part, of the special tax obligation for an individual parcel prior to the issuance of bonds shall be included in any RMA. Prepayment shall be permitted only if (i) the payment of all special taxes for such a parcel is current and (ii) following such prepayment, the projected maximum special taxes that could be levied in any fiscal year on all remaining taxable property within the CFD will produce the special tax revenues required in paragraph B above. No prepayment shall be permitted of a special tax levied to finance authorized services or maintenance.

E. The expected maximum special tax to pay for public facilities shall be levied against any parcel used for private residential purposes in the first fiscal year that such parcel is taxed as developed property.

F. The RMA of a special tax to pay for public facilities shall specify a fiscal year beyond which the special tax may not be levied on any parcel used for private residential purposes. In most cases, that final date will be ten (10) years after the stated maturity of any bonds issues. Such a special tax will cease to be levied when all bonds and CEDA's administrative costs have been paid. However, the rate and method of apportionment of a special tax can include a provision that sets the sunset date for the special tax levy beyond the anticipated retirement of the initial CFD bonds. A special tax to pay for public services or maintenance shall have no termination date unless established by CEDA.

G. The annual increase, if any, in the maximum special tax for any parcel may not exceed any maximum specified in the Act and shall be approved by CEDA and the BAND Financing Team. The increase in the special tax levied on any parcel as a consequence of delinquency or default by the owner on any other parcel may not exceed any maximum specified in the Act.

H. Generally, the special tax rate and method of apportionment for a CFD will be structured so as to allow the prepayment of special taxes by property owners.

I. Every CFD bond indenture/fiscal agent agreement shall provide for the judicial foreclosure of delinquent payments of special taxes. The ability to commence foreclosure shall be without further action and subsequent to notification to the property owner of a delinquency in form prescribed by law. Any costs advanced by CEDA to collect special taxes, including any actions taken related to foreclosure, shall be reimbursed by the proceeds of the foreclosure sale or other legally available funds from the CFD.

APPRAISALS

The appraisal shall be coordinated by, under the direction of, and addressed to CEDA. The appraiser shall be selected and retained by CEDA. The costs associated with the preparation of the appraisal report shall be paid by the Applicant for the CFD but shall be subject to possible reimbursement, as provided for herein.

The appraisal shall be undertaken by a state certified real estate appraiser, as defined in regulations adopted pursuant to Business and Professions Code Section 11340. The definitions, standards and assumptions to be used in an appraisal shall adhere to those set forth in the Appraisal Standards for Land Secured Financings, published by the California Debt Advisory Commission and originally dated May 1994 and modified July 2004 (the "CDIAC Guidelines"), as may be modified.

Notwithstanding the foregoing, if there is a conflict between the definitions, standards or assumptions in the CDIAAC Guidelines and the corresponding definitions, standards or assumptions in the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (“USPAP”), USPAP shall govern. The date of the value estimate must be clearly identified in the appraisal report. The period between the date of value contained in the appraisal (or, if applicable, the date of value contained in any update to such appraisal) and the date of the issuance of CFD bonds shall be no greater than three months. If the date of the appraisal exceeds three months, a bring down letter may be required.

DISCLOSURE TO PROSPECTIVE PROPERTY PURCHASERS

The owner of property within a CFD who is selling lots, parcels, or developed properties therein shall provide disclosure notice to prospective purchasers that complies with all of the requirements of the Act, including but not limited to Government Code Sections 53328.3, 53328.5 (including the referenced sections of the California Streets and Highways Code), 53340.2 and 53341.5. The property owner must keep an executed copy of each disclosure document and agree to provide a copy of all applicable executed disclosure documents to CEDA upon request.

CONTINUING DISCLOSURE

Each owner of a substantial portion of undeveloped property within a CFD, may be required by the underwriter of the CFD bonds to satisfy the annual disclosure requirements pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, on an ongoing basis.

SELECTION OF CONSULTANTS

CEDA shall select and retain all consultants necessary for the evaluation of any application and the proceedings for the formation of a CFD and the issuance of the CFD bonds therefor, including, but not limited to a, special tax consultant, bond counsel, disclosure counsel, municipal advisor, underwriter, appraiser, and market absorption consultant.

PROGRAM PARTICIPANT RESPONSIBILITIES

Program improvements, fees collected in lieu of facilities, and services to be financed by CFD bonds will be owned, collected, and processed by Program Participant and other local agencies who have entered into a joint community facilities agreement or services agreement with CEDA. CEDA shall not be responsible for oversight, review, inspection, or other work with respect to improvements (whether directly or through development impact fees) or services to be financed by the CFD bonds.

Fees and charges financed through the use of the Act should be treated by the local agency collecting such fee or charge as paid by the Applicant in the amount of CFD bond proceeds on the date of the bond issue and the Applicant (and successors in interest to the land within the CFD) should be treated by the local agency as receiving a credit in the amount of such proceeds. CEDA may consider alternative treatment of such fees by local agencies only if such different treatment complies with the Act and federal tax law and would not adversely impact the tax-exempt status of the CFD bonds issued for such project. Local agencies will be required to provide certifications regarding the reasonable

expectations of the use of bond-funded fees and charges and improvements funded thereby as necessary to ensure that CFD bonds may be issued on a tax-exempt basis.

WAIVERS AND ONE-TIME ADJUSTMENTS

These Policies provide a framework for the issuance of CFD bonds. The Policies are intended to provide a minimum standard and general guidelines. Individual elements of these collective policies may be amended or adjusted on a case-by-case basis to reflect the current market conditions or underlying dynamics of a projects.

Due to changing market conditions and/or particular elements of a project or financing, any portion of the stated Policies may be waived or amended on a case-by-case basis, by resolution or motion adopted by the Board of Directors. Any waiver or one-time adjustments to an element of these Policies must be approved by the Board of Directors and must be backed by supporting documentation, including a staff report drafted by a member of the BAND Financing Team.

EXHIBIT C
FORM OF FUNDING AND ACQUISITION AGREEMENT

FUNDING AND ACQUISITION AGREEMENT

Relating to
CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. [____]

By and

Among

[PUBLIC AGENCY],
CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY
and
[DEVELOPER NAME]

_____, 20[]

FUNDING AND ACQUISITION AGREEMENT

COMMUNITY FACILITIES DISTRICT NO. [_____] OF THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

This FUNDING AND ACQUISITION AGREEMENT (the “Agreement”) is entered into the ___ day of _____, 20[___] by and among the [PUBLIC AGENCY] (the “Program Participant”), the California Enterprise Development Authority (“CEDA”) on behalf of Community Facilities District No. [_____] and [DEVELOPER NAME, ENTITY] (“Owner”).

RECITALS

A. Owner has purchased that certain real property located on approximately _____ gross acres of land within Tentative Tract Map No. _____ (the “Property”) located in the [City, County].

B. The Owner has applied for the financing of, among other things, certain public capital improvements to be owned by the Program Participant through CEDA’s Bonds Assisting New Development (BAND) program (the “Program”). The Acquisition Facilities are to be owned and operated by the Program Participant, and the financing is to be accomplished through a community facilities district, which will be administered by CEDA under and pursuant to the Mello-Roos Community Facilities Act of 1982 commencing with California Government Code Sections 53311 and following (the “Act”) for the purpose of levying special taxes (the “Special Taxes”) and selling bonds, in one or more series (the “Bonds”), in an amount sufficient to finance the acquisition of certain [INSERT DESCRIPTION OF IMPROVEMENTS] improvements (the “Acquisition Facilities”), and the design, planning, engineering, installation, and construction of certain public facilities and improvements, to be owned, operated or maintained by the Program Participant (the “Public Facilities”) to satisfy the obligation of the Property and the Owner for the payment of certain fees to the Program Participant. The Acquisition Facilities and Public Facilities are generally described in Exhibit A attached hereto, which Acquisition Facilities and Public Facilities are necessary to the development of the Property. Said community facilities district shall be known as the “Community Facilities District No. [_____] of the California Enterprise Development Authority” (the “District”)

C. The Program Participant previously authorized CEDA to form community facilities districts within the territorial limits of the Program Participant to finance, among other things, the Acquisition Facilities and the Public Facilities.

D. CEDA intends to form the District and to levy special taxes and issue bonds, in one or more series, to fund, among other things, all or a portion of the costs of the Acquisition Facilities and the Public Facilities.

E. CEDA will provide financing for the acquisition by the Program Participant of the Acquisition Facilities and the Public Facilities and the payment of the Purchase Price (as defined herein) of the Acquisition Facilities and the Public Facilities.

F. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in Exhibit B attached hereto and by this reference herein incorporated.

AGREEMENTS

NOW, THEREFORE, in consideration of the preceding recitals and the mutual covenants hereinafter contained, the parties agree as follows:

Section 1. Establishment of District. CEDA shall initiate proceedings pursuant to the Act for the establishment of the District. Such proceedings include elections pursuant to Sections 53326, 53350 and 53353.5 of the Act on (i) the question of the issuance of the Bonds of the District to finance the acquisition of the Acquisition Facilities, and the design, planning, engineering, construction management, financing, installation and construction or acquisition of the Public Facilities, (ii) the question of the annual levy of the Special Taxes on those portions of the Property subject to the Special Taxes to pay for the Acquisition Facilities and the Public Facilities, to pay the principal of and interest on the Bonds and the annual administrative expenses of CEDA in levying and collecting such Special Taxes, paying the principal and interest on such Bonds and providing for the registration, exchange and transfer of such Bonds, including the fees of fiscal agents and paying agents, and any necessary replenishment of the reserve fund for such Bonds, and (iii) the question of the establishment of an appropriations limit for the District.

From time to time prior to the issuance of the Bonds, at the written request of Owner, and subject to Owner advancing funds as determined by the Program Participant as necessary to pay all costs related thereto in accordance with Section 4 below, the Program Participant shall use its reasonable best efforts to undertake proceedings that may be deemed necessary to amend the Rate and Method or to amend the boundaries of the District.

Section 2. Payment of Program Participant Fees as Deposit. Owner shall timely pay or deposit with the Program Participant in full when due all Program Participant Fees. Any payment or deposit of Program Participant Fees before Special Taxes are received or proceeds of the Bonds become available, including all Program Participant Fees paid prior to the execution of this Agreement, shall be held on deposit by the Program Participant in a separate account used exclusively for Program Participant Fees (the "Deposit Account"), and shall not be expended by the Program Participant, provided, however, earnings on the investment of funds in the Deposit Account shall be returned to the Program Participant. Except as otherwise provided below, if Bonds have not been issued for a period of 36 months from the date of payment of Program Participant Fees for the first phase of production units, then the Program Participant may use any funds remaining in the Deposit Account for their lawful purposes and such funds shall be deemed by the Program Participant as the payment of the Program Participant Fees for the applicable parcels of the Property for which payment was made, provided that if Owner requests that Bonds be issued within such 36 month time frame, then the Program Participant may not use any funds remaining in the Deposit Account as provided herein until 48 months from the date of payment of Program Participant Fees for the first phase of production units. If the Program Participant uses any of the funds remaining in the Deposit Account under either of the two foregoing scenarios, the Owner, or Owner's designee, shall be reimbursed from the proceeds of Bonds subsequently issued even if such Bonds must be issued on a taxable basis.

Upon the Program Participant receiving proceeds of the Bonds in accordance with this Agreement, the Program Participant shall return to Owner, or Owner's designee, all funds held in

the Deposit Account and the Program Participant shall utilize such proceeds to finance the Public Facilities.

Section 3. Sale of Bonds. Upon Owner's written request, CEDA shall use reasonable efforts, as hereinafter provided, to issue and sell Bonds, in one or more series, in accordance with the provisions of this Agreement and CEDA's CFD Goals & Policies. Each series of Bonds is expected to have a debt service amortization schedule matching the annual Special Taxes available for debt service pursuant to the Rate and Method and for a term of not more than forty (40) years, for the purpose of raising an amount sufficient to pay for the design, planning, engineering, construction management, financing, installation and construction or acquisition of the Public Facilities and the Acquisition Facilities. In connection with the issuance of the first series of Bonds, CEDA on behalf of itself and the District shall establish criteria for the issuance of Additional Bonds which meet the criteria of CEDA's CFD Goals & Policies. The timing of the issuance and sale of each series of Bonds, the aggregate principal amount thereof, and the terms and conditions upon which they shall be sold shall be as set forth in this Agreement and otherwise as determined by CEDA in its sole reasonable discretion after consultation with Owner. Not by way of limitation of the foregoing, the timing of the issuance and sale of the first series of Bonds and any Additional Bonds shall be as soon as reasonably practicable, as determined by CEDA in its sole reasonable discretion following consultation with its municipal advisor, underwriter and other consultants and counsel after written request from Owner. Owner shall use its reasonable best efforts to cooperate with CEDA in connection with any Bond sale.

Section 4. Advance of Certain Expenses. Pursuant to a Landowner Deposit Agreement, between CEDA and Owner (the "Deposit Agreement"), Owner shall pay and advance all of the costs reasonably associated with the establishment of the District. Owner shall deposit funds with CEDA for CEDA's reasonable out-of-pocket expenses associated with the formation of the District and the sale of each series of Bonds, including, but not limited to, (i) the fees and expenses of any consultants and legal counsel to CEDA employed in connection with the issuance of the Bonds, including an engineer, special tax consultant, municipal advisor, bond counsel and any other consultant deemed necessary or advisable by CEDA, (ii) the costs of appraisals, market absorption and feasibility studies and other reports deemed necessary or advisable by CEDA in connection with the issuance of the Bonds, (iii) the costs of publication of notices and other costs related to any proceeding undertaken in connection with the formation of the District and issuance of the Bonds, (iv) reasonable charges for CEDA and Program Participant staff time incurred in connection with the issuance of the Bonds, including a reasonable allocation of CEDA and the Program Participant overhead expense, and (v) any and all other actual costs and expenses incurred by CEDA and the Program Participant in connection with the formation of the District and the issuance of the Bonds ("Reimbursable Expenses"). If the Bonds are issued by the District, CEDA shall reimburse Owner from proceeds of the Bonds, without interest, for the portion of the Reimbursable Expenses deposits that have been expended or encumbered, said reimbursement to be made from the proceeds of the Bonds on the date of issuance of the Bonds or as soon as reasonably possible thereafter and only to the extent otherwise permitted under the Act, and refund any unexpended or encumbered deposited amounts.

CEDA shall keep records of all Reimbursable Expenses advanced by CEDA pursuant to this Section 4, which records shall be available for inspection by Owner during regular business hours. The sole source of funds for reimbursement of any advance expenditure made by CEDA

or Owner shall be the uncommitted and unexpended payments made by Owner to CEDA, proceeds of the Bonds receipts as determined by CEDA.

Section 5. Tax Requirements. The timing of the sale of each series of Bonds, the nature of the investments in which the proceeds of the Bonds shall be invested, the duration of such investments, and the timing of the expenditure of such proceeds shall be as set forth in this Agreement and the applicable fiscal agent agreement (the “Fiscal Agent Agreement”); provided, that in all such matters CEDA shall comply with the requirements of and limitations prescribed by the provisions of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986 (the “Code”), as amended, and the implementing regulations of the United States Department of the Treasury. CEDA shall not be required to take any such action which in the opinion of CEDA’s bond counsel could result in the Bonds being classified by the United States Department of the Treasury as “arbitrage bonds” or which could otherwise result in the interest on the Bonds being included in gross income for purposes of Federal income taxation. Should any change in or regulatory interpretation of any such requirement or limitation which may occur after the date of this Agreement require or necessitate, in the reasonable opinion of such bond counsel, any action on the part of CEDA in order to avoid such a classification or loss of tax exemption, CEDA shall notwithstanding any provision of this Agreement, forthwith take such action. In the event CEDA fails to comply with requirements set forth above in this Section 5, CEDA’s liability is limited to the Special Tax revenues generated by the District. The Program Participant is required to hold and expend the Bond funds in compliance with the Code.

Section 6. Construction of Acquisition Facilities. The Acquisition Facilities for which Owner seeks reimbursement under this Agreement shall be constructed and completed by Owner, as determined by the Program Participant pursuant to Section 53313.5 of the Act. Payment of the Purchase Price of the Acquisition Facilities shall be in the manner described in Section 6 hereof.

(a) Letting and Administering Design Contracts. The parties presently anticipate that the Owner has awarded and administered or will award and administer engineering design contracts for the Acquisition Facilities to be acquired from Owner. All eligible expenditures of the Owner for design engineering and related costs in connection with the Acquisition Facilities (whether as an advance to the Program Participant or directly to the design consultant) shall be reimbursed at the time of acquisition of such Acquisition Facilities. The Owner shall be entitled to reimbursement for any design costs of the Acquisition Facilities only out of the Purchase Price and shall not be entitled to any payment for design costs independent of or prior to the acquisition of Acquisition Facilities.

(b) Letting and Administration of Construction Contracts; Indemnification. State law requires that all Acquisition Facilities not completed prior to the formation of the District shall be constructed as if they were constructed under the direction and supervision, or under the authority, of the Program Participant. In order to assure compliance with those provisions, except for any contracts entered into prior to the date hereof, Owner agrees to comply with the requirements set forth in Exhibit C hereto with respect to the bidding and contracting for the construction of the Acquisition Facilities. The Owner agrees that all the contracts shall call for payment of prevailing wages as required by the Labor Code of the State of California. The Owner’s indemnification obligation set forth in this Agreement shall also apply to any alleged

failure to comply with the requirements of this Section, and/or applicable State laws regarding public contracting and prevailing wages.

Section 7. Acquisition and Payment of Acquisition Facilities.

(a) Inspection. Program Participant agrees that the Acquisition Facilities are eligible for payment, provided that the timing and amount of such payment shall be determined by the Program Participant pursuant to this Section 7 of this Agreement. No payment hereunder shall be made by the Program Participant to Owner for an Acquisition Facility until such Acquisition Facility has been inspected by the Program Participant or other applicable public entity or utility and found to be substantially completed in accordance with the approved Plans. An Acquisition Facility shall be considered “substantially complete” when it has been reasonably determined by the Program Participant or other applicable public entity to be usable. For Acquisition Facilities to be acquired by the Program Participant, Owner shall request inspection using applicable Program Participant procedures. For Acquisition Facilities to be acquired by other public entities or utilities, Owner shall be responsible for obtaining such inspections and providing written evidence thereof to the Program Participant Engineer. Owner agrees to pay all inspection, permit and other similar fees of the Program Participant applicable to construction of the Acquisition Facilities, which fees are subject to reimbursement under this Agreement.

(b) Agreement to Sell and Purchase Acquisition Facilities. Owner hereby agrees to sell the Acquisition Facilities to the Program Participant and the Program Participant hereby agrees to use amounts available pursuant to the terms of this Agreement to pay the Purchase Price, as defined below, thereof to Owner, subject to the terms and conditions hereof. The Program Participant shall not be obligated to pay the Purchase Price for the Acquisition Facilities except from the proceeds of the Bonds and proceeds of the Special Tax as provided herein.

(c) Purchase Price. The Purchase Price for an Acquisition Facility shall be equal to the Actual Cost of such Acquisition Facility, as approved in accordance with the procedure set forth in subsection (e) below but subject to the limitations of this Section 7.

(d) Payment Requests. In order to receive the Purchase Price for an Acquisition Facility, Owner shall deliver to the [CITY MANAGER/GENERAL MANAGER/OTHER] or his or her designee (the “Authorized Representative”) a “Payment Request” in the form of Exhibit C hereto, together with all attachments and exhibits required by this Section 7(d) to be included therewith. If the property on which the Acquisition Facility is located is not owned by the Program Participant at the time of the request, Owner shall provide a copy of the recorded documents conveying to the Program Participant Acceptable Title to the real property on, in or over which such Acquisition Facility is located, as described in Section 8(a) hereof.

(e) Processing Payment Requests. Upon receipt of a Payment Request (and all accompanying documents), the Authorized Representative shall conduct a review in order to confirm that such request is complete and to verify and approve the Actual Cost of the Acquisition Facility. The Authorized Representative shall also conduct such review as is required in his/her discretion to confirm the matters certified in the Payment Request. Owner agrees to cooperate with the Authorized Representative in conducting each such review and to provide the Authorized Representative with such additional information and documentation as is reasonably necessary for

the Authorized Representative to conclude each such review. Within 20 business days of receipt of the Payment Request, the Authorized Representative expects to review the request for completeness and notify Owner whether such Payment Request is complete, and, if not, what additional documentation must be provided. If such Payment Request is complete, the Authorized Representative expects to provide a written approval or denial (specifying the reason for any denial) of the request within 30 days of its submittal.

(f) Payment. Upon approval of the Payment Request by the Authorized Representative, the Authorized Representative shall sign the Payment Request and forward the same to CEDA. Upon receipt of the reviewed and fully signed Payment Request, CEDA shall cause the same to be paid by the Fiscal Agent under the applicable provisions of the Fiscal Agent Agreement, to the extent of funds then on deposit in the appropriate account.

The Purchase Price paid hereunder for the Acquisition Facilities shall constitute payment in full for the Acquisition Facilities, including, without limitation, payment for all labor, materials, equipment, tools and services used or incorporated in the work, supervision, administration, overhead, expenses and any and all other things required, furnished or incurred for completion of the Acquisition Facilities.

(g) Timing of Requisitions. The Program Participant and Owner acknowledge that (i) Owner may submit a Payment Request for an Acquisition Facility to the Program Participant in advance of when sufficient, if any, funds are available for payment of the Purchase Price; (ii) the Payment Request submitted when there are insufficient proceeds available will be reviewed by the Program Participant as set forth in this Agreement and, if appropriate, approved for payment when such funds are available and (iii) the payment approved in the preceding manner will be deferred until the date, if any, on which there are proceeds of Special Taxes or Bonds available to make all or part of such payment, at which time the Program Participant will pay from the Special Fund or direct the Fiscal Agent to wire transfer (or pay in another mutually acceptable manner) from Bond proceeds the funds available to the payee identified in such Payment Request.

(h) Restrictions on Payments. Notwithstanding any other provisions of this Agreement, the following restrictions shall apply to any payments made to Owner under Sections 8(b) and 8(f) hereof:

(1) Amounts of Payments. Subject to the following paragraphs of this Section 7(h), payments for the Acquisition Facilities will be made only in the amount of the Purchase Price for the Acquisition Facilities.

Nothing herein shall require the Program Participant in any event (i) to pay more than the Actual Cost of the Acquisition Facilities, or (ii) to make any payment beyond the available funds in the Special Fund or the applicable accounts identified in the Fiscal Agent Agreement. The parties hereto acknowledge and agree that all payments to Owner for the Purchase Price of the Acquisition Facilities are intended to be reimbursements to Owner for monies already expended or for immediate payment by Owner (or directly by the Program Participant) to third parties in respect of the Acquisition Facilities.

(2) Joint or Third Party Payments. CEDA may make any payment jointly to Owner and any mortgagee or trust deed beneficiary, contractor or supplier of materials, as their interests may appear, or solely to any such third party, if Owner so requests the same in writing or as CEDA otherwise determines such joint or third party payment is necessary to obtain lien releases.

(3) Withholding Payments. CEDA shall be entitled, but shall not be required, to withhold any payment hereunder for the Acquisition Facilities if Owner or any Affiliate is delinquent in the payment of *ad valorem* real property taxes, special assessments or taxes, or Special Taxes levied in the District. In the event of any such delinquency, CEDA shall only make payments hereunder directly to contractors or other third parties employed in connection with the construction of the Acquisition Facilities or to any assignee of Owner's interests in this Agreement (and not to Owner or any Affiliate), until such time as Owner provides the Authorized Representative with evidence that all such delinquent taxes and assessments have been paid.

CEDA shall withhold final payment for an Acquisition Facility constructed on land until Acceptable Title to such land is conveyed to the Program Participant, as described in Section 8 hereof.

Nothing in this Agreement shall be deemed to prohibit Owner from contesting in good faith the validity or amount of any mechanics or materialman's lien nor limit the remedies available to Owner with respect thereto so long as such delay in performance shall not subject the Acquisition Facility to foreclosure, forfeiture or sale. In the event that any such lien is contested, Owner shall only be required to post or cause the delivery of a bond in an amount equal to the amount in dispute with respect to any such contested lien, so long as such bond is drawn on an obligor and is otherwise in a form acceptable to the Authorized Representative.

(i) Modification of Acquisition Facilities and Public Facilities. The descriptions of the Acquisition Facilities and Public Facilities in Exhibit A may be modified, or new Acquisition Facilities and Public Facilities may be added to Exhibit A, through a Supplement executed by the Parties hereto provided the modifications or new Acquisition Facilities and Public Facilities are consistent with the facilities and costs authorized to be funded by the District pursuant to the formation proceedings and the Act.

Section 8. Ownership and Transfer of Acquisition Facilities.

(a) Conveyance of Land and Easements to Program Participant. Acceptable Title to all property on, in or over which the Acquisition Facilities will be located, shall be deeded over to the Program Participant by way of grant deed, quitclaim, or dedication of such property, or easement thereon, if such conveyance of interest is approved by the Program Participant as being a sufficient interest therein to permit the Program Participant to properly own, operate and maintain the Acquisition Facilities located therein, thereon or thereover, and to permit Owner to perform its obligations as set forth in this Agreement. Owner agrees to assist the Program Participant in obtaining such documents as are required to obtain Acceptable Title. Completion of the transfer of title to land shall be accomplished prior to the payment of the Purchase Price for

an Acquisition Facility and shall be evidenced by an irrevocable offer of dedication or recordation of the acceptance thereof by the Program Participant.

(b) Facilities to be Owned by the Program Participant – Title Evidence. Upon the request of the Program Participant, Owner shall furnish to the Program Participant a preliminary title report for land with respect to the Acquisition Facilities that have not previously been dedicated or otherwise conveyed to the Program Participant, for review and approval at least fifteen (15) calendar days prior to the transfer of Acceptable Title of the Acquisition Facilities to the Program Participant. The Program Participant shall approve the preliminary title report unless it reveals a matter which, in the judgment of the Program Participant, could materially affect the Program Participant's use and enjoyment of any part of the property or easement covered by the preliminary title report. In the event the Program Participant does not approve the preliminary title report, the Program Participant shall not be obligated to accept title to such Acquisition Facility or pay the Purchase Price for the Acquisition Facility until Owner has cured such objections to title to the satisfaction of the Program Participant.

(c) Facilities Constructed on Private Lands. If any portion of an Acquisition Facility is located on privately-owned land, the owner thereof shall retain title to the land and the completed Acquisition Facility until the Acquisition Facility is accepted by the Program Participant and transferred to Program Participant pursuant to this Section 8. Pending the completion of such transfer, Owner shall not be entitled to receive any payment for the Acquisition Facility. Owner shall, however, be entitled to receive payments pursuant to Section 7 of the Acquisition Facility upon making an irrevocable offer of dedication of such land in form and substance acceptable to the Authorized Representative.

(d) Facilities Constructed on Program Participant Land. If any portion of an Acquisition Facility to be acquired is on land owned by the Program Participant, the Program Participant hereby grants to Owner a license to enter upon such land for purposes related to the construction (and maintenance pending acquisition) of the Acquisition Facility. The provisions for inspection and acceptance of the Acquisition Facilities otherwise provided herein shall apply.

Section 9. Indemnification.

(a) Owner Indemnification. Owner shall promptly defend, indemnify and hold harmless the Program Participant, CEDA, the District, and its officers, employees and agents, and each and every one of them, from any and all claims, actions, liability, damages, losses, expenses and costs arising out of Owner's performance of, or failure to perform, its duties hereunder or by reason of, or arising out of, this Agreement. The Program Participant reserves the right, as respects to future developers of the Property, to require the future developers to assume by contract with the Program Participant any portion or all of this responsibility.

Section 10. Program Participant Indemnification. Program Participant shall defend, indemnify and hold the other party and its directors officials, officers, employees and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liabilities, losses, damages, or injuries of any kind, in law or equity, to property or persons, including wrongful death, to the extent arising out of willful misconduct or negligent acts, errors, or omissions of the indemnifying party or its directors, officials, officers, employees and agents in connection with

this Agreement, including without limitation the payment of expert witness fees and attorneys' fees and other related costs and expenses, but excluding payment of consequential damages. In no event shall any of CEDA or its other Member Agencies, or their officials, officers or employees be held directly liable for any damages or liability resulting out of the this Agreement.

Section 11. CEDA Goals & Policies. The Rate and Method, the sale of the Bonds and the ratio of the appraised market value or assessed value of all parcels of property within the District to the total amount of the assessment and special tax obligation thereof after the issuance and sale of the Bonds (the "Value-to-Lien Ratio") shall comply with the CFD Goals & Policies of CEDA.

Section 12. Representations, Covenants and Warranties of Owner. Owner represents and warrants for the benefit of CEDA and the Program Participant as follows:

A. Organization. Owner is duly organized, validly existing and in good standing under the laws of the State of _____, is duly qualified to conduct business as a [limited liability company/partnership/company] and is in good standing under the laws of the State of California and has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

B. Authority. Owner has power and authority to enter into this Agreement, and has taken all action necessary to cause this Agreement to be executed and delivered by Owner, and this Agreement has been duly and validly executed and delivered by Owner.

C. Binding Obligation. This Agreement is a legal, valid and binding obligation of Owner, enforceable against Owner in accordance with its terms, subject to bankruptcy and other equitable principles.

D. Compliance with Laws. Owner shall not with knowledge commit, suffer or permit any act to be done in, upon or to the lands of Owner in the District in violation of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the lands in the District or the Acquisition Facilities.

E. Requests for Payment. Owner represents and warrants that (i) it will not request payment from CEDA out of the Special Taxes or proceeds of the Bonds for the acquisition of any improvements other than the Acquisition Facilities, and (ii) it will diligently follow all procedures set forth in this Agreement with respect to the Payment Request for the Acquisition Facilities.

F. Additional Information. Owner agrees to cooperate with all reasonable written requests for nonproprietary information by the original purchasers of the Bonds or CEDA related to the status of construction of improvements within the District, the anticipated completion dates for future improvements, and any other matter material to the investment quality of the Bonds.

G. Continuing Disclosure. Owner agrees to comply with all of its obligations under any continuing disclosure agreement executed by it in connection with the offering and sale of any of the Bonds. Owner shall cooperate with CEDA in complying with the requirements of Rule 15c2-12 of the Securities and Exchange Commission in connection with the issuance and sale of the Bonds. Owner shall provide information to CEDA regarding its operations and financial condition as such information has been disclosed in the Official Statement. CEDA, in consultation with the underwriter of the Bonds, may determine that some or all of such financial information will be included in the preliminary official statement and the final official statement for the Bonds. If Owner owns property within the District responsible for more than 20% of the Special Taxes levied in such fiscal year, then Owner acknowledges that it may be an “obligated person” for purposes of compliance with Rule 15c2-12(b)(5) of the Securities and Exchange Commission and that it may therefore be necessary that Owner enter into a continuing disclosure undertaking, at the time of and in connection with the issuance and sale of the Bonds, that so long as it remains an obligated person it will semi-annually, at the time specified in such undertaking, provide information regarding its financial condition, including, at CEDA’s discretion, such regularly submitted periodic reports and financial statements prepared by Owner’s certified public accountant which are available to the investing public (which may be consolidated with Owner’s parent company) and the status of development and residential and land sale activity within the District to be included within the semi-annual reports which Owner, or a dissemination agent designated in such undertaking, will file with the Nationally Recognized Municipal Securities Information Repositories which are identified by the Securities and Exchange Commission and any state information repository that may be designated for the State of California, as required by that rule. Copies of all such reports shall also be provided to CEDA and the underwriter of the Bonds. Owner further acknowledges that it may be an obligated person pursuant to such rule as long as it owns property within the District that is responsible for the payment of annual Special Taxes which represent 20% or more of the annual debt service on the Bonds. If Owner sells any portion of property within the District to an entity and such entity will own property within the District which will be responsible for the payment of annual Special Taxes which represent 20% or more of the annual debt service on the Bonds, Owner shall notify such entity that it will be an obligated person for purposes of the rule and that such entity will be required to enter into a continuing disclosure undertaking as provided in this section.

Section 13. Independent Contractor. Owner is an independent contractor and not the agent of CEDA, the Program Participant or the District. This Agreement shall not and does not create a joint venture or partnership between CEDA and Owner. Neither CEDA nor the Program Participant shall have no responsibility or liability for the payment of any amount to any employee or subcontractor of Owner.

Section 14. Special Taxes. The parties are entering into this Agreement and establishing the District for the purpose of creating a stream of Special Tax revenues that will be available to the District to pay directly the costs of acquisition, construction and/or equipping the Acquisition Facilities and Public Facilities and to pay debt service on the Bonds, the proceeds of which will be used to pay the costs of acquisition, construction and/or equipping of the Acquisition Facilities and Public Facilities. Owner and CEDA hereby acknowledge and agree (i) that any reduction or termination of the Special Taxes by exercise of the initiative power or other action would constitute a substantial impairment of the Special Tax revenue stream that Owner and CEDA intend to create for the purpose of providing an assured source of funding for construction,

acquisition and/or equipping of the Acquisition Facilities and Public Facilities, and (ii) that this Agreement is being entered into, and the Special Taxes are being imposed upon the Property pursuant to the Rate and Method, in accordance with existing laws relating to the imposition of fees and charges as a condition of development of the Property and such Special Taxes are being incurred as an incident of the voluntary act of development of the Property. To the fullest extent permitted by law, Owner, for itself and for each of its successors and assigns as owners or lessees of all or any portion of the Property included in the District hereby waives any right to exercise the initiative power that may be authorized in California Constitution Article XIII C, Section 3, to reduce or appeal the Special Taxes.

Section 15. Disclosure of Special Taxes.

(a) From and after the date of this Agreement, Owner shall provide a “Notice of Special Tax” (as defined in Section 15(b) below) to each prospective purchaser of a home in the District prior to the execution by the home buyer of the sale contract for such home. Owner shall (i) maintain records of each Notice of Special Tax for a period of five (5) years, and (ii) shall provide copies of each notice to CEDA promptly following the giving of such notice. Owner shall include the Notice of Special Tax in all Owner’s applications for Final Subdivision Reports required by the Department of Real Estate (“DRE”), which are filed after the effective date of this Agreement.

Owner shall require of a builder acquiring lots within the Property (a “Residential Builder”), prior to the close of escrow on any residential lot, to (i) maintain records of each Notice of Special Tax for a period of five (5) years, (ii) provide copies of each notice to CEDA promptly following the giving of such notice, and (iii) include the Notice of Special Tax in all of such Residential Builder’s applications for Final Subdivision Reports required by DRE.

(b) With respect to any parcel, the term “Notice of Special Tax” means a notice in the form prescribed by California Government Code Section 53341.5 which is calculated to disclose to the purchaser thereof (i) that the property being purchased is subject to the Special Taxes and other special taxes of the District; (ii) the classification of such property; (iii) the maximum annual amount of the Special Taxes and other special taxes of the District and the number of years for which they are authorized to be levied; and (iv) the types of facilities and services to be paid with the proceeds of the Special Taxes and other special taxes of the District.

(c) CEDA will file with the _____ County Recorder’s office a notice of special tax lien that gives notice of the existence of the District and the levy of the Special Tax on property within the District for the benefit of subsequent property owners, pursuant to requirements of Section 3114.5 of the Streets and Highways Code.

(d) Sample Property Tax Bill/Special Tax Information Sheet. Owner and its successors and assigns shall prepare and have available in its sales office, copies of either a sample property tax bill in a form reasonably acceptable for CEDA or special tax information sheet in substantially the form attached hereto as Exhibit D (the “Special Tax Information Sheet”), which shows the assigned annual Special Taxes and other special taxes authorized to be levied within the District under the Rate and Method. Owner and its successors and assigns shall make available to prospective homebuyers to take with them, copies of such sample property tax bill or Special Tax

Information Sheet at the time written information regarding the base home price and property tax information for a specific home site is requested by and provided to such homebuyers. Owner intends to comply with this requirement by providing prospective homebuyers who request such additional written information, with the sample property tax bill in Owner's Master Property Disclosure Report, a copy of which has presented to and approved by CEDA.

Section 16. Termination and Dissolution. Prior to the issuance of Bonds, Owner may elect to terminate this Agreement and request that CEDA cancel the Special Taxes by providing written notice to CEDA. Within thirty (30) days of such written notice, CEDA shall record a notice of cancellation of the Special Taxes with respect to each parcel. Owner shall be responsible for reasonable CEDA costs incurred relating to the cancellation of the Special Taxes and recordation of such notice; provided, however, that CEDA shall not terminate the Special Taxes for any lot for which a building permit has been issued, unless Owner pays all Program Participant Fees or posts separate security therefore. Such termination of this Agreement and cancellation of Special Taxes shall have no effect on Owner's obligations to pay Program Participant Fees upon issuance of a building permit.

Section 17. Binding on Community Facilities District. The District shall automatically become a party to this Agreement, and all provisions hereof which apply to CEDA shall also apply to the District. The Board of Directors of CEDA, acting as the legislative body of the District, shall perform all parts of this Agreement which require performance on the part of the District.

Section 18. Assignment. Upon the successful formation of the District, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto and shall run with the land without any further action of the Program Participant, CEDA or Owner unless terminated in writing pursuant to Section 16.

Section 19. Prompt Action. All consents, approvals and determinations required of either the Program Participant, CEDA or Owner pursuant to this Agreement shall be promptly given or made, and shall not be unreasonably withheld or conditioned.

Section 20. General. This Agreement and the Deposit Agreement contain the entire agreement between the parties with respect to the matters herein provided for. This Agreement may only be amended by a subsequent written agreement signed on behalf of the parties. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties. This Agreement shall be construed and governed by the Constitution and laws of the State of California. Should either party to this Agreement commence a court action or proceeding against the other party with respect to this Agreement or the design and acquisition or construction of the Acquisition Facilities, the party prevailing in such action or proceeding shall be entitled to receive from the losing party its attorney's fees, expert witness fees, court costs and other costs incurred by it in prosecuting or defending such action or proceeding. The captions of the sections of this Agreement are provided for convenience only, and shall not have any bearing on the interpretation of any section hereof. This Agreement may be executed in several counterparts, each of which shall be an original of the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this agreement to be signed as of the date first above written.

Dated: _____

[DEVELOPER NAME, ENTITY]

By: _____
_____, Authorized Agent

Dated: _____

CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY

By: _____
_____, Authorized Agent

Dated: _____

[PROGRAM PARTICIPANT]

By: _____

*-Signature Page-
Funding and Acquisition Agreement*

EXHIBIT A

DESCRIPTION OF ACQUISITION FACILITIES AND PUBLIC FACILITIES

The immediately following table lists the Acquisition Facilities to be constructed by Owner and the Public Facilities to be owned, operated and maintained by the Program Participant, including the current cost estimates related thereto, which are subject to change.

A. Acquisition Facilities Estimated

B. Public Facilities

GRAND TOTAL ELIGIBLE ACQUISITION
FACILITIES AND PUBLIC FACILITIES

EXHIBIT B

DEFINITIONS

The following terms shall have the meanings ascribed to them for purposes of this Agreement. Unless otherwise indicated, any other terms, capitalized or not, when used herein shall have the meanings ascribed to them in the Fiscal Agent Agreement (as hereinafter defined).

“Acceptable Title” means title to land or interest therein, in form acceptable to the Public Works Director, free and clear of all liens, taxes, assessments, leases, easements and encumbrances, whether or not recorded, but subject to any exceptions determined by the Public Works Director as not interfering with the actual or intended use of the land or interest therein. Notwithstanding the foregoing, an irrevocable offer of dedication may constitute land with an “Acceptable Title” if: (i) such offer is necessary to satisfy a condition to a tentative or final parcel map, (ii) such offer is in a form acceptable to the Public Works Director, (iii) the Public Works Director has no reason to believe that such offer of dedication will not be accepted by the applicable Program Participant, and (iv) the Owner commits in writing not to allow any liens to be imposed on such property prior to its acceptance.

“Acceptance Date” means the date the Program Participant takes final action to accept dedication of or transfer of title to the Acquisition Facilities.

“Acquisition Facilities” means the facilities described as such in Exhibit A to the Agreement.

“Additional Bonds” means any series of Bonds issued by or on behalf of the District after the first series of Bonds, in each case in compliance with and under supplements to the Fiscal Agent Agreement, which Additional Bonds shall be secured on a parity lien or subordinate lien position with other Bonds previously issued.

“Affiliate” mean, with respect to the Owner, any other Person who control, is controlled by or is under common control with the Owner, for purposes hereof, control means the power to exercise a controlling influence over the management or policies of a person, unless such power is solely the result of an official position with such person.

“Agreement” means this Agreement, together with any Supplement hereto.

“Act” means the Mello-Roos Community Facilities Act of 1982, Sections 53311 et seq. of the California Government Code, as amended.

“Actual Cost” means the substantiated cost of the Acquisition Facilities, which costs may include: (i) the costs incurred by the Owner for the construction of the Acquisition Facilities, including labor, material and equipment costs; (ii) the costs incurred by the Owner in preparing the Plans for the Acquisition Facilities and the related costs of environmental evaluations of the Acquisition Facilities; (iii) the fees paid to governmental agencies for obtaining permits, licenses or other governmental approvals for the Acquisition Facilities; (iv) a construction and project management fee of five percent (5%) of the costs described in clause (i) above incurred for the construction of the Acquisition Facilities; (v) professional costs incurred by the Owner, Program

Participant or CEDA associated with the Acquisition Facilities, such as engineering, legal, accounting, inspection, construction staking, materials testing and similar professional services; (vi) costs directly related to the construction and/or acquisition of the Acquisition Facilities, such as costs of payment, performance and/or maintenance bonds, and insurance costs (including costs of any title insurance required hereunder); and (vii) costs of any real property or interest therein acquired from a third party, which real property or interest therein is either necessary for the construction of such Acquisition Facility (e.g., temporary construction easements, haul roads, etc.) or is required to be conveyed with such Acquisition Facility in order to convey Acceptable Title thereto to the Program Participant. Actual Cost shall not include any cost of carry or interest expense with respect to any construction loan obtained by the Owner with respect to the Acquisition Facilities.

“Administrative Expense Requirement” means \$[AMOUNT] per year commencing in the first year of issuance of Bonds.

“Assessor’s Parcel” shall have the meaning ascribed to it in the Rate and Method.

“Bonds” means any series of bonds issued by or on behalf of the District.

“CFD Goals & Policies” means the California Enterprise Development Authority Statement of Goals and Policies for Mello-Roos Community Facilities Districts, dated _____, 20[___], as amended on _____, 20[___] or as further amended from time to time.

“Deposit Agreement” means the Deposit Agreement between CEDA and the Owner.

“Fiscal Agent” means the financial institution or other entity that enters into a Fiscal Agent Agreement with CEDA with respect to the Bonds.

“Fiscal Agent Agreement” means, collectively, any agreement or agreements by that or similar name to be executed by the Authority, for and on behalf of the District, and the fiscal agent, which will provide for, among other matters, the issuance of the Bonds and the establishment of an “Improvement Fund” as originally executed by CEDA and the fiscal agent and as it may be amended from time to time.

“Owner” means [DEVELOPER NAME], as the owner of the Property, and its successors and assigns, other than individual homebuyers.

“Person” means an individual, a corporation, a partnership, an association, a limited liability company, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

“Plans” means the plans, specifications, schedules and related construction contracts for the Acquisition Facilities approved pursuant to the applicable standards of the Program Participant or other entity that will own, operate or maintain the Acquisition Facilities when completed and acquired.

“Program Participant” means the _____.

“Program Participant Fees” means the following development impact fees imposed by the Program Participant: water and sewer connection, street and signal, law enforcement, fire protection, library, public meeting, aquatic center, parks and radio communication.

“Purchase Price” means the amount paid by the Program Participant for the Acquisition Facilities determined in accordance with Section 7 hereof, being an amount equal to the Actual Cost of such Acquisition Facilities, but subject to the limitations and reductions provided for in Section 7.

“Rate and Method” means the rate and method of apportionment of special taxes approved for the District in accordance with the Act.

“Special Fund” means a discrete, interest-bearing special fund of CEDDA to be established for the financing of the Acquisition Facilities and Public Facilities and administered pursuant to this Agreement.

“Special Tax or Special Taxes” means the special tax designated in the Rate and Method.

EXHIBIT C

FORM OF PAYMENT REQUEST

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY COMMUNITY FACILITIES DISTRICT NO. [____]

The undersigned, _____, a duly authorized representative of Owner, hereby requests payment of the Purchase Price of the Acquisition Facilities described in Attachment A attached hereto. Capitalized undefined terms shall have the meanings ascribed thereto in the Funding and Acquisition Agreement, dated as of _____, 20[____] (the "Agreement"), by and between the [PUBLIC AGENCY] ("Program Participant"), the California Enterprise Development Authority ("CEDA") on behalf of the Community Facilities District No. [____] and [DEVELOPER NAME] ("Owner"). In connection with this Payment Request, the undersigned hereby represents and warrants to CEDA Community Facilities District No. [____] and the Program Participant as follows:

1. He or she is a duly authorized representative of Owner, qualified to execute this request for payment on behalf of Owner and knowledgeable as to the matters set forth herein.
2. The Acquisition Facilities for which payment is being sought under this payment request have been substantially completed in accordance with the Agreement.
3. The true and correct Actual Cost of the Acquisition Facilities is set forth in Attachment A.
4. Attached hereto are invoices, receipts, worksheets and other evidence of costs which are in sufficient detail to allow the Program Participant to verify the Actual Cost of the Acquisition Facilities.
5. There has not been filed with or served upon Owner notice of any lien, right to lien or attachment upon, or claim affecting the right to receive the payment requested herein which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by operation of law. Copies of lien releases for all work for which payment is requested hereunder are attached hereto.
6. Owner is in compliance with the terms and provisions of the Agreement.

The Purchase Price for the Acquisition Facilities shall be payable from the appropriate account created pursuant to the Fiscal Agent Agreement or the Special Fund established pursuant to the Fiscal Agent Agreement.

I hereby certify that the above representations and warranties are true and correct.

Dated: _____

[OWNER SIGNATURE]

By: _____

Name: _____

Title: _____

By execution of this Payment Request, the Program Participant does hereby approve of the payment as described in this Payment Request and directs the Fiscal Agent to pay such amounts, first, from bond proceeds held in the designated account pursuant to the Fiscal Agent Agreement and, second from any surplus Special Taxes held by CEDA as applicable, to the payee listed above and/or the Program Participant shall pay all or a portion thereof from funds designated by the Program Participant for such purpose.

[PUBLIC AGENCY]

By: _____

Name: _____

ATTACHMENT A

Acquisition Facility

Estimated Cost

Actual Cost

Purchase Price

Total Purchase Price to be Paid \$

EXHIBIT D

SPECIAL TAX INFORMATION SHEET

**CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. [____]**

1. WHAT IS COMMUNITY FACILITIES DISTRICT (CFD) NO. [____]

ARTICLE II CFD No. [____] was formed pursuant to the “Mello-Roos Community Facilities Act of 1982” to finance certain public facilities.

ARTICLE III WHO IS RESPONSIBLE TO PAY THE SPECIAL TAX AND HOW IS IT BILLED?

ARTICLE IV The property owner is responsible for paying the CFD No. [____] special taxes, which will appear as a separate line item on your property tax bill along with your regular property taxes.

ARTICLE V HOW MUCH WILL MY SPECIAL TAX BE?

ARTICLE VI The special tax is based upon the size of the home. The assigned and maximum special taxes for CFD No. [____] for the [20__ - __] fiscal year are summarized below.

Land Use Category	Taxable Unit	Building Square Footage	Assigned Special Tax Per Taxable Unit
1.			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$

4. HOW LONG WILL I HAVE TO PAY THE CFD NO. [____] SPECIAL TAX?

ARTICLE VII Special Taxes will not be collected after fiscal year [20__ - __].

5. CAN THE SPECIAL TAXES BE PREPAID?

ARTICLE VIII Homeowners have the option of prepaying special taxes anytime. For prepayment information please contact CEDA’s CFD No. [____] administrator, Willdan Financial Services, 27368 Via Industria, Suite 200, Temecula, California 92590, phone (800-424-9144).

6. **WHERE CAN I GET MORE INFORMATION?**

ARTICLE IX For more information in regards to CFD No. [____], contact CEDA's CFD No. [____] administrator, Willdan Financial Services, 27368 Via Industria, Suite 200, Temecula, California 92590, phone (800-424-9144).

EXHIBIT D

JOINT COMMUNITY FACILITIES AGREEMENT

JOINT COMMUNITY FACILITIES AGREEMENT

Relating to:

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

COMMUNITY FACILITIES DISTRICT NO. [__]

Between

THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

and

[PUBLIC AGENCY]

_____, 20[__]

JOINT COMMUNITY FACILITIES AGREEMENT

Relating to:

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY Community Facilities District No. []

This Joint Community Facilities Agreement (this "Agreement"), dated as of _____, 20__, is entered into by and between the CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY ("CEDA"), a joint exercise of powers authority duly organized and existing under the Constitution and laws of the state of California and the [PUBLIC AGENCY], a _____ (the "Program Participant," and together with CEDA, the "Parties").

RECITALS

WHEREAS, CEDA intends to conduct proceedings under the Mello-Roos Community Facilities Act of 1982 (California Government Code section 53311 et seq.) (the "Act") to form community facilities districts (the "CFDs") encompassing properties located within the boundaries of the Program Participant upon the request of the property owners. Each CFD shall be authorized to finance services (the "Services") provided by and/or capital facilities of the Program Participant authorized to be financed under the Act and related costs ("Program Participant Improvements") in satisfaction of Program Participant development impact fees ("Program Participant Fees"), which Program Participant Fees are payable with respect to all development of the applicant property and certain Program Participant capital facilities to be constructed by or on behalf of the developer ("Acquisition Improvements" and with the Program Participant Improvements and Program Participant Fees the "Facilities"); and

WHEREAS, under Section 53316.2 of the Act, CEDA may form CFDs to, among other things, finance the Facilities in connection with new development in the boundaries of the Program Participant and issue bonds, the proceeds of which are used by the Program Participant for the Facilities, provided CEDA and the Program Participant enter into a joint community facilities agreement such as this Agreement; and

WHEREAS, CEDA intends to utilize the proceeds of sale of special tax bonds (the "Bonds") and special taxes of the CFDs (the "Special Taxes") to finance some or all of the Facilities; and

WHEREAS, CEDA may utilize Special Taxes to finance the Services; and

WHEREAS, the Program Participant is willing to cooperate with CEDA in accomplishing the financing of the Facilities through CFDs, and to confer upon CEDA full power to provide such financing in the event that proceeds of Special Taxes and/or Bonds of such CFD become available and are utilized for such purpose; and

WHEREAS, this Agreement is made under the authority of Section 53316.2 of the Act;
and

WHEREAS, in consideration for the mutual undertakings of the Parties stated herein, the Parties agree as follows:

AGREEMENT

Administration of CFDs and Issuance of Bonds by CEDA. The CFDs shall be established and administered in accordance with CEDA's Statement of Goals and Policies for Mello-Roos Community Facilities Districts, attached hereto as Exhibit A. CEDA shall administer the CFDs, including employing and paying all consultants, annually levying the Special Taxes and paying and administering the Bonds, and complying with all State and federal requirements appertaining to the proceedings establishing the CFDs and issuing and using the proceeds of the Bonds, including the requirements of the United States Internal Revenue Code of 1986, as amended (the "Code") with respect to the tax-exempt Bonds that are issued. The Program Participant shall execute and deliver such certifications and agreements as may reasonably be required in order for bond counsel to CEDA to conclude that interest on any tax-exempt Bonds will be excluded from gross income under the Code, if applicable. To the extent such certifications and agreements cannot be executed with respect to certain Program Participant Fees, Bonds may be issued on a taxable basis, in CEDA's sole discretion.

Agreement to Hold Available Moneys. CEDA shall hold or cause to be held within a separate fund (the "Project Fund") proceeds of each series of Bonds issued to finance Program Participant Improvements, as well as proceeds of Special Taxes levied by the CFDs for "pay-as-you-go" funding from Special Taxes collected in excess of the amounts needed for bond debt service and administration expenses (such bond proceeds and excess amounts are referred to as "Available Moneys"). The Project Fund shall be segregated from all other funds and, except for investment purposes, shall not be commingled with any other funds. The Project Fund may include separate accounts as necessary to separately account for the proceeds of tax-exempt and taxable Bonds (the "Tax-Exempt Account" and "Taxable Account," respectively) and to account for the proceeds of such Bonds that are to fund Program Participant Fees and Acquisition Improvements. Investment earnings on amounts in each Tax-Exempt Account shall be retained in the Tax-Exempt Account, except to the extent a portion of such earnings are used to pay rebate or yield reduction payments to the U.S. Treasury pursuant to the Code. Amounts on deposit in the Project Fund shall be disbursed in accordance with Section 3 of this Agreement and CEDA agrees to disburse, or cause to be disbursed, moneys on deposit in the Project Fund as provided herein. All Program Participant Fees funded through Available Moneys shall be deemed paid in the amount of the Bond proceeds on the date that such Bond proceeds are deposited with the Program Participant.

Disbursements From Special Taxes and Bond Proceeds. Proceeds from all Bonds and Special Taxes shall be disbursed in accordance with each Funding and Acquisition Agreement to be entered into among the Program Participant, CEDA and the developer, or property owner of the applicant property, with respect to each CFD (each an "Acquisition Agreement").

Use of Program Participant Fees for Public Capital Improvements and Acquisition of Improvements. The Program Participant shall utilize the Program Participant Fees for Program

Participant Improvements. The Program Participant acknowledges that, subject to approval of disbursements as set forth in the applicable Acquisition Agreement, the Program Participant Improvements may be financed through a CFD. The Acquisition Improvements shall be acquired by the Program Participant as set forth in the Acquisition Agreement.

Amendments. This Agreement may be amended by a writing signed by the Parties, including any exhibit hereto; provided, that no amendments to Section 3 shall be made without the prior written consent of the developer.

Term of this Agreement. This Agreement shall be in full force and effect from this date to and including its termination by mutual written agreement of the parties hereto prior to the formation of the CFD.

Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have caused this Agreement to be executed by their authorized representatives as of the effective date stated above.

AUTHORITY:

CALIFORNIA ENTERPRISE DEVELOPMENT
AUTHORITY

By: _____
Authorized Signatory

[PUBLIC AGENCY]:

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

By: _____

*-Signature Page-
Joint Community Facilities Agreement*

EXHIBIT A

**CEDA STATEMENT OF GOALS AND POLICIES FOR MELLO-ROOS COMMUNITY
FACILITIES DISTRICTS**

[See Attached]



**CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY**

a CALED sponsored organization

Distribution List
(as of April 18, 2023)

ISSUER

California Enterprise Development Authority
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AUTHORITY ATTORNEY

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(as of April 18, 2023)

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**CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY**

a CALED sponsored organization

Distribution List

(as of April 18, 2023)

SPECIAL TAX CONSULTANT-CFD ADMINISTRATION

Willdan Financial Consulting Services, Suite 200
27368 Via Industria, Temecula, CA 92590

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