



CSCDA
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY



**AGENDA OF THE
ADJOURNED JUNE 18th REGULAR MEETING OF THE
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**

June 24, 2015

10:00 a.m.

**League of California Cities
1400 K Street, 3rd Floor
Sacramento, California**

709 Portwalk Place,
Redwood City, CA 94061

27788 Hidden Trail Road
Laguna Hills, CA 92653

3252 Southern Hills Drive
Fairfield, CA 94534

- I. Call the Roll (alternates designate which member they are representing).
- II. Consideration of the Minutes of the June 18, 2015 Regular Meeting.
- III. Staff Updates.
- IV. Consideration of CSCDA Bank Account Administration and Disbursement Policy. (Cathy Bando)
- V. Consideration of Intellectual Property License, Royalty and Administrative Agreement by and among the California Statewide Communities Development Authority, the California State Association of Counties (CSAC) and the League of California Cities and

This ___ page agenda was posted at 1100 K Street, Sacramento, California on _____, 2015 at __: __ m,
Signed _____. Please fax signed page to (925) 933-8457.

Acknowledgement of an Assignment of Contract between CSAC and CSAC Finance Corporation. (Cathy Bando)

- VI. Consideration of First Amendment to Services Agreement by and between Bridge Strategic Partners and the California Statewide Communities Development Authority dated December 4, 2014.
- VII. Consideration of Agreement between California Statewide Communities Development Authority and HB Capital Resources, Ltd. And its assignees.
- VIII. Public Comment.
- IX. Adjourn.

**REGULAR MEETING OF THE
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (CSCDA)**

California State Association of Counties
1100 K Street, Sacramento, California

June 18, 2015

MINUTES

Commission Chair Larry Combs called the meeting to order at 10:02 a.m.

I. Roll Call

Commission members present: Larry Combs, Kevin O'Rourke and Dan Harrison.
Commission members participating by conference telephone: Tim Snellings and Alternate Commissioner Ron Holly representing Commissioner Dan Mierzwa.

CSCDA Executive Director Catherine Bando present.

Others present: Caitlin Lanctot, GPM Municipal Advisors; Norman Coppinger, League of California Cities; Graham Knaus, California State Association of Counties; Laura Labanieh, CSAC Finance Corporation; James Hamill, Bridge Strategic Partners; and Mark Paxson, State Treasurer's Office. Mercedes Baumbach and Scott Carper, GPM Municipal Advisors; Brandon Dias, Trish Eichar and Erin Pham, Orrick Herrington & Sutcliffe; Trisha Ortiz, Richards Watson & Gershon, participated by conference telephone.

II. Approval of Minutes

The commission approved the minutes of the meeting held June 4, 2015.

Motion by Harrison; second by Ron Holly; unanimously approved by roll-call vote.

III. Staff Updates.

Executive director Catherine Bando announced agenda item X [Consideration of CSCDA Bank Account Administration and Disbursement Policy] and XII [Consideration of Intellectual Property License, Royalty and Administrative Agreement by and among the California Statewide Communities Development Authority, the California State Association of Counties (CSAC) and the League of California Cities and Acknowledgement of an Assignment of Contract between CSAC and CSAC Finance Corporation] are being continued to the June 24, 2015 CSCDA meeting being held at the League of California Cities offices. Executive director Bando indicated in addition to agenda items X and XII, the June 24 meeting will include a couple of additional items agenda items.

Scott Carper announced that CSCDC has received notification from the Community Development Financial Institutions Fund (CDFI) that CSCDC is not receiving a New Market Tax Credit award this cycle.

IV. Financing Approval

The commission approved the financing; all necessary actions; the execution and delivery of all necessary documents; and authorized any member to sign all necessary financing documents for following projects:

- a. Hanford 2015 Community Partners, LP (Amberwood Apartments I & II), City of Hanford, County of Kings; up to \$5,000,000 in revenue bonds.

Motion by Snellings; second by Harrison; unanimously approved by roll-call vote.

V. Supplemental Bond Indentures Approval

The commission approved a resolution authorizing the execution and delivery of supplemental bond indentures relating to the CSCDA Revenue Bonds (Daughters of Charity Health System), Series 2014A, 2014B and 2014C.

Motion by O'Rourke; second by Harrison; unanimously approved by roll-call vote.

VI. Waiver Approval

The commission approved a waiver to the Investor Letter requirements for the CSCDA Multifamily Housing Revenue Bonds (Casa Grande Apartments) 2011 Series I-2 thereby allowing the Borrower to purchase the Subordinate Bonds. The motion to approve incorporated Orrick's comments.

Motion by O'Rourke; second by Harrison; unanimously approved by roll-call vote.

VII. Community Facilities District No. 2015-01 (University District)

- a. Commission Chair Larry Combs opened a public hearing at 10:17 AM on the formation of Community Facilities District (CFD) No. 2015-01 (University District) in Rohnert Park, California, and changes to the Rate and Method of Apportionment for Improvement Area M to alter the special tax on commercial property, to remove a parcel from the boundary map, and to adjust the boundary map to reflect certain lot line adjustments recorded with the County of Sonoma. An updated hearing report prepared

by David Taussig & Associates, the special tax consultant, was filed with the commission and made available to the public.

No members of the public wished to provide testimony. The public hearing was closed at 10:18 AM.

- b. The commission adopted the following resolutions
 - i. The commission adopted a resolution of formation that establishes CFD No. 2015-01 (University District) and provides for the levy of a special tax to finance the construction and acquisition of certain public facilities and certain development impact fees.

Motion by Harrison; second by O'Rourke; unanimously approved by roll-call vote.
 - ii. The commission adopted a resolution that deems it necessary to incur bonded indebtedness to finance certain development impact fees and the acquisition and construction of certain public facilities, and to mitigate the impacts of development within CFD No. 2015-01 (University District), Improvement Area No. 1 and Improvement Area M.

Motion by Harrison; second by O'Rourke; unanimously approved by roll-call vote.
 - iii. The commission adopted a resolution calling special mailed-ballot elections within Improvement Area No. 1 and Improvement Area M of CSCDA CFD No. 2015-01 (University District), in Rohnert Park, California, to be conducted pursuant to waivers and consent shortening time periods and waiving various requirements for conducting a mailed-ballot election.

Motion by Harrison; second by O'Rourke; unanimously approved by roll-call vote.
- c. The ballots were canvassed resulting 70 "yes" votes approving the ballot measure for Improvement Area No. 1 and 180 "yes" votes for Improvement Area M. There were no votes received voting "no" on the ballot measures.
- d. The commission adopted the following resolutions:
 - i. The commission adopted resolutions declaring the results of the special mailed-ballot elections within Improvement Area No. 1 and Improvement Area M of CSCDA CFD No. 2015-01 (University District), in Rohnert Park, California.

Motion by Harrison; second by O'Rourke; unanimously approved by roll-call vote.

- e. The Commission introduced the following ordinances and waived reading of the ordinances:
 - i. Ordinance No. 15ORD-2 levying a special tax for fiscal year 2015-2016 and following fiscal years solely within and relating to California Statewide Communities Development Authority Community Facilities District No. 2015-01, Improvement Area No. 1 (University District), City of Rohnert Park, County of Sonoma, State of California.
 - ii. Ordinance No. 15ORD-1 levying a special tax for fiscal year 2015-2016 and following fiscal years solely within and relating to California Statewide Communities Development Authority Community Facilities District No. 2015-01, Improvement Area No. M (University District), City of Rohnert Park, County of Sonoma, State of California.

Motion by O'Rourke; second by Harrison; unanimously approved by roll-call vote.

VIII. Creation of Community Facilities District

- a. The commission approved the following resolutions:
 - i. The commission approved a resolution declaring the intent to establish California Statewide Communities Development Authority Communities Facilities District No. 2015-02 (Rio Bravo), Bakersfield, California and to levy a special tax therein to finance the construction and acquisition of certain public facilities.

Motion by O'Rourke; second by Snellings; unanimously approved by roll-call vote.
 - ii. The commission approved a resolution to incur bonded indebtedness to finance the acquisition and construction of certain public facilities, to mitigate the impacts of development with California Statewide Communities Development Authority Communities Facilities District No. 2015-02 (Rio Bravo), Bakersfield, California, and set July 23, 2015 for a public hearing to consider incurring the bonded indebtedness and hear from any persons interested.

Motion by Harrison; second by Snellings; unanimously approved by roll-call vote.

IX. Statewide Community Infrastructure Program

- a. The commission approved the following resolutions for separate California Statewide Communities Development Authority Statewide Community Infrastructure Program (SCIP) Assessment Districts No. 15-01:
- i. The commission approved resolutions of intent to finance the payment of public infrastructure and/or development impact fees, including approval of proposed boundary maps in:

City of Brentwood, Contra Costa County, California
City of Roseville, Placer County, California
City of Palm Springs, Riverside County, California
City of Manteca, San Joaquin County, California
Coachella Valley Water District and City of Cathedral City, Riverside County, California

Motion by Snellings; second by Holly; unanimously approved by roll-call vote.

- ii. The commission approved resolutions to preliminarily approve engineer's reports, set public hearings of protests for August 6, 2015, and provide property owners ballots in:

City of Brentwood, Contra Costa County, California
City of Roseville, Placer County, California
City of Palm Springs, Riverside County, California
City of Manteca, San Joaquin County, California
Coachella Valley Water District and City of Cathedral City, Riverside County, California

Motion by Snellings; second by Holly; unanimously approved by roll-call vote.

X. CSCDA Bank Account Administration and Disbursement Policy

The commission continued consideration of CSCDA Bank Account Administration and Disbursement Policy to the CSCDA meeting to be held at the League of California Cities, 1400 K Street, Sacramento, California, on June 24, 2015.

XI. CSCDA Document Guidelines, Policies and Procedures

The commission approved document provisions and policies for 501(c)3 borrowers, procedures for CSCDA's document submission and execution, and directed staff to post the policy and procedures on CSCDA's website.

Motion by O'Rourke; second by Harrison; unanimously approved by roll-call vote.

XII. CSCDA, LCC, CSAC Agreement

The commission continued consideration of the Intellectual Property License, Royalty and Administrative Agreement by and among the California Statewide Communities Development Authority, the California State Association of Counties (CSAC) and the League of California Cities and Acknowledgement of an Assignment of Contract between CSAC and CSAC Finance Corporation to the CSCDA meeting to be held at the League of California Cities, 1400 K Street, Sacramento, California, on June 24, 2015.

XIII. Public Comments

No public comments were made.

XIV. Adjournment

At 10:47 a.m. the commission approved a motion to "Adjourn to Continue the Meeting" to 10 a.m. on June 24, 2015, at the League of California Cities, 1400 K Street, Sacramento, California,

Motion by O'Rourke; second by Harrison; unanimously approved by roll-call vote.

Submitted by: Norman Coppinger, Assistant to the Secretary

*The continuation meeting of the commission is scheduled for
Wednesday, June 24, 2015, at 10:00 a.m.
in the League of California Cities Office at 1400 K Street, Sacramento, CA.*

STAFF REPORT

SUBJECT: CSCDA FINANCES

PURPOSE: BANK ACCOUNT ADMINISTRATION AND DISBURSEMENT OF FUNDS
AUTHORIZATION POLICY (“BANK POLICY”)

Background:

CSCDA maintains a primary institutional trust account and various sub-accounts with U.S. Bank National Association (“US Bank”). CSCDA’s cash receipts consist of issuance fees, issuance fee deposits, CDLAC deposits, administrative fees and administrative fee prepayment deposits. Issuance fees are paid by borrowers to CSCDA when bonds are issued by CSCDA on the borrower’s behalf. Issuance fee deposits are made by borrowers who expect to issue bonds through CSCDA. CDLAC deposits are received by CSCDA from borrowers on behalf of the California Debt Limit Allocation Committee and are returned back to borrowers when authorized by CDLAC after bonds are issued by CSCDA. Administrative fees are annual fees that are paid to CSCDA for the life of the bonds. Administrative fees are billed and collected monthly, quarterly or semi-annually from borrowers. Certain administrative fees are prepaid to fully fund ongoing administrative fees due to CSCDA over the life of a bond issue.

The Bank Policy identifies Administration Agreements the Authority has with HB Capital Resources (HBCR), Bridge Strategic Partners (BSP), the California State Association of Counties (CSAC) and the League of California Cities (LCC) (collectively or individually the “Program Administrators”) including the identifying the names of personnel with each Program Administrator who are authorized to prepare requests for disbursements or review and approve disbursements.

The Bank Policy identifies the major Sub-Accounts that have been established by US Bank on behalf of CSCDA.

Discussion:

The administration of CSCDA’s accounts and procedures for the disbursement of funds from CSCDA’s account and sub-accounts is established in the new Bank Policy. Certain new accounts are being established to distinguish funds attributed to transactions originated during HB Capital’s management of the Authority’s programs to transactions originated under BSP’s management.

The Bank Policy identifies the manner in which the Authority funds its operations. The Authority’s expenses are paid from the Professional Services Reserve Sub-Account (the “Reserve”) which is funded from 5% of Administrative Fees receive by the Authority for the life of outstanding bonds to an ongoing balance of \$500,000. The Reserve currently has a balance of approximately \$37,000. Because of the shortfall in funds in the Reserve, the LCC and CSAC have agree to forego fees to provide up to \$300,000 to establish an Operating Sub-Account for the Authority. The Reserve is to be used first to pay expenses of the Authority and to the extent the Reserve is insufficient, the Authority may draw on the Operating Sub-Account to pay its expenses. To the extent the Operating Sub-Account falls below \$300,000, the LCC and CSAC have agreed to contribute up to 5% of issuance fees due until a balance of \$300,000 is restored.

The Disbursement of funds process is being changed to the following procedure:

1. Requests for disbursements are generated by either HB Capital or BSP. Disbursement requests are submitted to CSAC and the LCC for review and approval
2. Requests for disbursements must be approved by CSAC and the LCC
3. Approved disbursement requests are submitted to an Authorized Signatory
4. Authorized Signatories are the CSCDA Executive Director and the four CSCDA Officers: Chair, Vice-Chair, Treasurer and Secretary
5. One Authorized Signatory is required to submit approved disbursement requests to US Bank for the disbursement of funds. Executive Director may not authorize disbursements to him/herself. Disbursements to the Executive Director must be made by any other Authorized Signatory.

Executive Director Recommendation:

The Executive Director recommends that the Commission approve the Bank Account Administration and Disbursement of Funds Authorization Policy.

California Statewide Communities Development Authority
Bank Account Administration and Disbursement of Funds Authorization Policy
(effective as of June 25, 2015)

The purpose of this Policy is to identify sources of funds for the California Statewide Communities Development Authority (“CSCDA” or “the Authority”), to establish the names of various bank accounts and to establish the authorization procedures for the disbursement of funds for the Authority. CSCDA maintains a primary institutional trust account and various sub-accounts with U.S. Bank National Association (“US Bank”). CSCDA’s cash receipts consist of issuance fees, issuance fee deposits, CDLAC deposits, administrative fees and administrative fee prepayment deposits. Issuance fees are paid by borrowers to CSCDA when bonds are issued by CSCDA on the borrower’s behalf. Issuance fee deposits are made by borrowers who expect to issue bonds through CSCDA. CDLAC deposits are received by CSCDA from borrowers on behalf of the California Debt Limit Allocation Committee and are returned back to borrowers when authorized by CDLAC after bonds are issued by CSCDA. Administrative fees are annual fees that are paid to CSCDA for the life of the bonds. Administrative fees are billed and collected monthly, quarterly or semi-annually from borrowers. Certain administrative fees are prepaid to fully fund ongoing administrative fees due to CSCDA over the life of a bond issue.

The administration of CSCDA’s accounts and procedures for the disbursement of funds from CSCDA’s account and sub-accounts is set forth below.

Management/Administration Agreements

CSCDA has Program Management/Administration Agreements with the following entities.

- HB Capital Resources (HBCR) – Prior Program Manager, agreement terminating on June 30, 2015
- Bridge Strategic Partners (BSP) – New Program Manager commencing July 1, 2015
- California State Association of Counties (CSAC)/CSAC Finance Corporation – ongoing Sponsor and Administrator
- League of California Cities (LCC) – ongoing Sponsor and Administrator

Program Management Personnel

Program Management Personnel prepare requests for the disbursement of issuance fees, issuance fee deposits, CDLAC deposits, administrative fees, administrative fee deposits and most professional service fees except the fees and expenses of the CSCDA’s Executive Director and General Counsel.

Prior Program Management Personnel include the following individuals from HB Capital Resources:

HB Capital Resources

- Richard Watson, General Manager
- Luis Castro, Program Manager

- Amy Stoneham, Senior Accounting Manager
- Huiling Ren, Accounting Manager

Prior Program Management Personnel will have view-only access which is limited to the CSCDA Prior Administrative Fee Sub-Accounts and the Prior Administrative Fee Prepayment Sub-Accounts.

New Program Management Personnel include the following individuals from Bridge Strategic Partners:

Bridge Strategic Partners

- James Hamill, Principal
- Jon Penkower, Principal

New Program Management Personnel will have view-only access to CSCDA’s primary account and all sub-accounts.

Approval Personnel

Approval Personnel are individuals who may request an Authorized Signatory for the disbursement of funds. The following personnel are appointed as Approval Personnel in this policy:

League of California Cities

- Chris McKenzie, Executive Director
- Norman Coppinger, Director of Administrative Services
- Perry Stottlemeyer, Assistant Administrative Services Director, Accounting

California State Association of Counties/ CSAC Finance Corporation

- Matt Cate, Executive Director
- Graham Knaus, Director of Operations and Member Services
- Laura Labanieh, Acting Executive Director, CSAC Finance Corporation

Approval Personnel will have view-only access to CSCDA’s account and all sub-accounts.

Authorized Signatories

Authorized Signatories include CSCDA officers and the Executive Director. The following individuals are appointed as Authorized Signatories in this policy:

California Statewide Communities Development Authority

- Larry Combs, Chair
- Kevin O’Rourke, Vice Chair
- Terry Schutten, Treasurer
- Dan Harrison, Secretary

- Catherine Bando, Executive Director (**NOT** authorized to disburse fees and expenses to herself)

Authorized signatories will have view-only access to CSCDA’s account and all sub-accounts.

Account and Sub-Accounts

Certain CSCDA sub-accounts will remain unchanged. One sub-account will be removed and a variety of new sub-accounts will be established for the purpose of segregating funds from the Prior Program Management and the New Program Management as follows:

- **Prior Administrative Fee Sub-Account** – Established to collect administrative fees on bond issues that close on or prior to June 30, 2015
 - In addition to the Prior Administrative Fee Sub-Account, several prepayment sub-accounts are maintained by US Bank on behalf of borrowers who have prepaid administrative fees. These accounts will be renamed to reflect that the sub-accounts relate to transactions that closed on or prior to June 30, 2015. For example:
 - CSCDA – VISCAYA GARDENS – PRIOR ADMINISTRATIVE FEE PREPAYMENT SUB-ACCOUNT
 - CSCDA – BIOLA VILLAGE APTS – PRIOR ADMINISTRATIVE FEE PREPAYMENT SUB-ACCOUNT
 - CSCDA – CASA DE VALLEJO – PRIOR ADMINISTRATIVE FEE PREPAYMENT SUB-ACCOUNT
 - ETC.
- **New Administrative Fee Sub-Account** – Established to collect administrative fees relating to bond issues that close on and after July 1, 2015
- **CDLAC Deposit Sub-Account** – The CDLAC Deposit Sub-Account will remain unchanged
- **Prior Issuance Fee and Deposit Fee Sub-Accounts** – Established to segregate Issuance Fees and Deposits received on or prior to June 30, 2015
- **New Issuance Fee and Deposit Fee Sub-Accounts** – Established to segregate Issuance Fees and Deposits received on and after to July 1, 2015. “Net New Issuance Fees” represent payments to the LCC and CSAC after payments are made to BSP.
- **Professional Services Reserve Sub-Account** – Established to pay litigation, insurance, administrative expenses and marketing expenses of CSCDA and funded from:
 - 5% of Prior Administrative Fees plus 5% of New Administrative Fees up to an ongoing balance of \$500,000

- **Operating Sub-Account** - Established as a reserve to pay the operating expenses of CSCDA to the extent funds are not sufficient in the Professional Services Reserve Sub-Account. The targeted balance of the Operating Sub-Account is \$300,000. The Operating Sub-Account will be funded as follows:
 - During the initial start-up the LCC and CSAC will contribute equally until a balance of \$300,000 is achieved by foregoing receipt of the LCC and CSAC’s share of Net New Issuance Fee and Prior Administrative Fees. At the point the initial balance of \$300,000 is reached, the LCC and CSAC’s ongoing share of the Net New Issuance Fees and Prior Administrative Fees will be distributed equally to LCC and CSAC.
 - To the extent the Operating Reserve Sub-Account falls below \$300,000, 5% of CSAC and LCC’s share of Net New Issuances Fees will be allocated to the Operating Reserve Sub-Account until the balance of \$300,000 is restored.
- **Charitable Contributions Sub-Account** – Established to make charitable contributions and funded prior to the end of each fiscal year to the extent that other eligible Professional Services Reserve costs do not exceed \$500,000 or as determined by CSCDA in consultation with the LCC and CSAC.
- **Travel Sub-Account** – the Travel Sub-Account will be eliminated and any balances in the Travel Sub-Account will be deposited to the Professional Services Reserve Sub-Account. All future CSCDA Commissioner travel expenses will be paid from the Professional Services Reserve Sub-Account.

Disbursement Process

Requests for disbursements from CSCDA’s Account and Sub-Accounts will be prepared by the Prior and New Program Administrators. With the exception of CDLAC deposit refunds, requests for disbursements will be reviewed and approved by at least one person from the League of California Cities (LCC) and at least one person from the California State Association of Counties (CSAC) (the “Approval Personnel” identified above). CDLAC deposit refunds do not require the approval of CSAC and the LCC but evidence must be provided that CDLAC has authorized the deposit refund and CSAC and the LCC must be copied on all CDLAC refunds. With one exception, any single CSCDA authorized signatory (the “Authorized Signatories” identified above) can authorize US Bank to release funds that are duly authorized by the LCC and CSAC, or CDLAC in the case of CDLAC deposit refunds. The one exception is that the Executive Director may not authorize disbursements to him/herself. Disbursements to the Executive Director must be made by any other Authorized Signatory.

Approval of Policy

This Bank Account Administration and Disbursement Policy is approved by the California Statewide Communities Development Authority Board of Commissioners on this June 18, 2015 and will become effective on June 25, 2015.

The undersigned Chairman and Treasurer of the California Statewide Communities Development Authority DO HEREBY CERTIFY that the foregoing policy was duly approved by the Commission of the Authority at a duly called meeting of the Commission of the Authority held in accordance with law on June 24, 2015.

Signed:

By _____ By _____

Larry Combs, Chairman

Terry Schutten, Treasurer

STAFF REPORT

SUBJECT: PROGRAM ADMINISTRATION

PURPOSE: INTELLECTUAL PROPERTY LICENSE, ROYALTY, AND ADMINISTRATIVE AGREEMENT BY AND AMONG THE LEAGUE OF CALIFORNIA CITIES (“LCC”), THE CALIFORNIA STATE ASSOCIATION OF COUNTIES (“CSAC”) AND THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (“CSCDA”)

Background:

Since the inception of the California Statewide Communities Development Authority (“CSCDA” or “Authority”) the Authority has enjoyed the sponsorship and administrative services from the League of California Cities (“LCC”) and the California State Association of Counties (“CSAC”) (“Associations”). The Associations have provided valuable intellectual property, direct services and resources to ensure accountability and continued success of CSCDA and its programs which are of considerable benefit to the public and the Associations’ members. A portion of CSCDA’s revenues have been provided to the Associations. The Associations use a portion of CSCDA’s fees to provide education, training and advocacy services to cities and counties. Such services provide substantial public benefits to the people of California by helping to lower the dues paid to the Associations by cities and counties, strengthening city and county governments in California, providing elected and appointed officials with vital information, management and governance tools, and promoting the dissemination of information about “best practices” in local government

Discussion:

CSCDA and the Associations desire to adopt a new agreement that fully reflects the sponsorship, licensing of intellectual property, financial and administrative relationship, and duties among the Parties that will supersede and replace the former agreements. The term of the new agreement will expire on December 31, 2016 with automatic renewals for successive two year terms until December 31, 2024 unless terminated with 90 days’ notice prior to the end of the then current termination.

The Agreement establishes the terms for the use of the LCC and CSAC trademarks and identifies the services the LCC and CSAC will provide to CSCDA which include providing meeting space, taking minutes for Commission meetings, executing documents on behalf of the commission, providing legislative services, and program development services. New services (“Supplemental Services”) the LCC and CSAC have agreed to provide include account administration, administrative services to the CSCDA Executive Director, and additional document execution services in connection with CSCDA’s emerging Property Assessed Clean Energy (“PACE”) Programs. The terms of and compensation for supplemental services may be the subject of a separate agreement.

CSCDA shall pay the Associations a Royalty Fee representing compensation for the intellectual property and related services provided to CSCDA. The Royalty Fee represents the Authority’s net revenues after funds are allocated to the Authority’s Reserve to cover operating costs and expenses, after payments are made to Bridge Strategic Partners (the Authority’s Program Administrator) and after funds are allocated to the Authority’s Operating Sub-Account. The Authority’s net revenues will be allocated 50% to the LCC and 50% to CSAC.

Executive Director Recommendation:

The Executive Director recommends that the Commission approve the Intellectual Property License, Royalty, and Administrative Agreement with the LCC and CSAC.

INTELLECTUAL PROPERTY LICENSE, ROYALTY, AND ADMINISTRATIVE AGREEMENT

This Intellectual Property License, Royalty, And Administrative Agreement ("**Agreement**"), dated as of July 1, 2015 ("**Effective Date**"), is made and entered into by and between the League of California Cities[®] ("LCC") and the California State Association of Counties[®] ("CSAC") ("Associations"), and the California Statewide Communities Development Authority ("CSCDA"). The Associations and CSCDA are sometimes individually referred to herein as a "**Party**" and collectively, as the "**Parties**".

RECITALS

WHEREAS, under the Amended and Restated Joint Exercise of Powers Agreement Relating to CSCDA, dated June 1, 1988, LCC and CSAC are named "sponsors" of the JPA; and

WHEREAS, since the establishment of CSCDA as a Joint Powers Authority the Associations have provided valuable intellectual property, direct services and resources to ensure accountability and continued success of CSCDA and its programs of benefit to the public and the Associations' members; and

WHEREAS, in consideration for intellectual property provided by the Associations to CSCDA and in order to recognize and support the significant public benefits provided by the Associations to cities and counties that are Program Participants in CSCDA, CSCDA has agreed to provide the Associations certain revenues arising from certain financing activities of CSCDA; and

WHEREAS, the education, training and advocacy services provided to cities and counties in part with the fees provided to the Associations by CSCDA provide substantial public benefits to the people of California, help to lower the dues paid to the Associations by cities and counties, strengthen city and county governments in our state, provide elected and appointed officials with vital information, management and governance tools, and promote the dissemination of information about "best practices" in local government; and

WHEREAS, the separate June 1, 1988 agreements between CSCDA, LCC and the CSAC Finance Corporation are now obsolete; and

WHEREAS, the parties desire to adopt a new agreement that fully reflects the sponsorship, licensing of intellectual property, financial and administrative relationship, and duties among the Parties that will supersede and replace the former agreements.

NOW, THEREFORE, in consideration of the foregoing and of the covenants, conditions, representations, and warranties contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **TERM.** This Agreement shall commence on the Effective Date and shall continue thereafter until December 31, 2016, unless earlier terminated in accordance with the terms of this Agreement. This Agreement shall automatically renew for successive two

(2) year terms (each a "**Renewal Term**" and together with the Initial Term, the "**Term**"), until December 31, 2024, unless either Party notifies the other Party, in writing, of its intent not to renew this Agreement at least ninety (90) days prior to the expiration of the then current Term.

2. TRADEMARK LICENSE.

2.1.1 During the Term, the Associations hereby grant to CSCDA a limited, non-exclusive, license and right to reproduce and use LCC's and CSAC's names and logos in connection with the operation of CSCDA and its programs. The Royalty Fees paid pursuant to this Agreement shall constitute the total amount of royalties due to the Associations for use of their names and logos pursuant to this license. The Associations and CSCDA agree that, to protect the parties' mutual interests in the goodwill and reputation represented by the Associations' marks, CSCDA and its contractors will only use the Associations' name and logo in accordance with the quality control standards and specifications set forth herein, which are consistent with past practice and the Associations' status and purpose, and the license may be terminated by either Association for failure to comply with such standards and specifications upon (30) calendar days prior written notice to the CSCDA; provided, however, that such termination of the license shall not be effective if the failure to comply has been cured by CSCDA prior to the expiration of the thirty (30) calendar day notice period. Neither CSCDA nor its contractors shall use either Association's name or logo in any manner which would disparage or tarnish or dilute the distinctive quality of these marks, or the reputation and goodwill embodied therein, or which would reflect adversely on the Associations or their marks, or any of the Associations' other products and services. All licensed use shall be in accordance with all applicable laws, rules and regulations.

2.1.2 The Associations agree that they shall not license or otherwise permit their marks to be used by any other JPA or entity that competes with CSCDA's services and programs that are being provided on the Effective Date of this Agreement. If a JPA or other entity makes any unauthorized use of the Associations' names or marks, the affected Association(s) shall within ten business days of either being notified, or otherwise having knowledge of such unauthorized use, send a cease and desist letter and take such other legal action as may be necessary to enjoin such unauthorized use.

3. SERVICES TO CSCDA. In furtherance of each Associations' mission and beliefs, the Associations agree to provide certain services. The Associations shall meet regularly to determine an appropriate distribution of services provided to CSCDA. Services to be provided include:

3.1.1 Use of Names and Logos. During the Term of this Agreement, LCC and CSAC agree to allow the use of their names and logos consistent with the terms of the license contained in Section 2 of this Agreement, and to communicate the programs and services of CSCDA through their existing communications tools with their members, special communications, annual and special conferences, and by providing any additional services that may be mutually agreed upon. The

Associations shall perform these services: (a) in a professional manner; (b) in a commercially reasonable manner; (c) in accordance with all applicable laws, rules, and regulations; and (d) according to the terms of this Agreement. The Associations shall collaborate fully with the CSCDA Commission, Executive Director, and Program Manager regarding the status of the Services performed hereunder.

- 3.1.2 Meetings. The Associations shall provide meeting space for the CSCDA Commission meetings. Representatives of the Associations shall attend all regular and special meetings of the CSCDA Commission. As shall be agreed to from time to time between the Associations, one association shall record, prepare and circulate draft minutes for the Commission Secretary. The other association shall have an authorized staff member available for those times when a representative of the designated association for recording minutes is not available.
- 3.1.3 Documents. The Associations shall each designate a minimum of one authorized signatory for CSCDA documents. As shall be agreed upon between the Associations, one association shall sign routine documents on behalf of the Commission as required. The other association shall have an authorized signatory available for those times when authorized signatories from the designated association are not available.
- 3.1.4 Legislative Services. In furtherance of their members' shared interests, the Associations shall collaborate in providing legislative services to CSCDA at the state and federal levels, to provide necessary reports to the CSCDA Commission on legislative matters, and to coordinate and supervise the work of any contract lobbyists the CSCDA Commission agrees to retain.
- 3.1.5 Program Development. The Associations shall work with the CSCDA Commission, Executive Director, Program Manager, and all other representatives of CSCDA to develop and evaluate new potential programs and services by CSCDA on behalf of the Associations' members.
- 3.1.6 Coordination with Other Representatives. The Associations shall coordinate their administrative, legislative services, program development and other work on behalf of CSCDA with the CSCDA Commission, Executive Director, Program Manager, and all other representatives of CSCDA and its contractors.
- 3.2 Monitoring. The Associations shall continually monitor all activities of the CSCDA Commission, Executive Director, Program Manager, and all of its representatives for compliance with state and federal law and to ensure that programs meet the needs of the Associations' members and justify the continuing relationship between CSCDA and the Associations. In monitoring for compliance with state and federal law, the Associations are entitled to rely on the information, opinions, reports or statements (including financial statements and other financial data) prepared or presented by CSCDA, counsel to CSCDA, independent accountants, and other experts who provide professional services to CSCDA,

provided that the Associations believe such individuals are reliable and competent, and that the matters on which they present are within their professional or expert competence.

3.3 Other Duties As Deemed Beneficial. The Associations agree to undertake any related or additional duties that would support the efforts of CSCDA to provide public benefit to the cities, counties and residents of California. The Associations shall ensure that the regular services provided in this agreement and any other duties are appropriately distributed between the Associations and make adjustments as necessary to ensure a fair split of duties. The additional duties undertaken by the League include administrative services to the CSCDA Executive Director and general accounting services. The additional duties undertaken by CSAC include document signature execution services and Property Assessed Clean Energy “PACE” program support. The terms of and compensation for such additional duties may be the subject of a separate agreement for supplemental services between or among the Parties.

4. **ROYALTY AND SERVICES FEE.** CSCDA shall pay the Associations a Royalty Fee to compensate the Associations for the intellectual property and related services as provided for in Sections 2 and 3 of this Agreement. The Fee shall be as follows:

4.1 On and after July 1, 2015, CSCDA shall pay the Associations the following fees in equal amounts monthly:

4.1.1 After monthly payments or set-asides of Issuance Fees and Annual Administrative Fees received by CSCDA for (a) the CSCDA Reserve Fund, (b) Bridge Strategic Partners under its December 4, 2014 agreement with CSCDA, and (c) the Operating Sub-Account established in the Authority's Bank Policy adopted on June 24, 2015 for additional administrative expenses not covered in the Bridge Strategic Partners agreement or this Agreement, the net amount shall be remitted monthly 50% to the LCC and 50% to CSAC or their assignees.

4.1.2 The terms “Annual Administrative Fees,” “Issuance Fees,” and “Reserve Fund” shall have the same meaning as in **Section 2 DEFINITIONS** of the December 4, 2014 Services Agreement by and between CSCDA and Bridge Strategic Partners.

5. **CSCDA BUDGET REVIEW.** CSCDA’s operations are paid by bond issuance fees and annual bond administrative fees paid to CSCDA in connection with serving as a conduit bond issuer. Each fiscal year, CSCDA shall submit a copy of their proposed operating budget to the Associations for review at least two weeks prior to adopting its annual operating budget.

6. TERMINATION.

- 6.1 Each Party may terminate this Agreement for any reason or no reason at all upon three hundred sixty-five (365) calendar days' prior written notice to the other Party, and the Term shall end.
- 6.2 If there is any material breach of this Agreement by one Party, the other Party may (reserving cumulatively all other remedies and rights under this Agreement and in law and in equity) terminate this Agreement by giving sixty (60) calendar days prior written notice to the breaching Party, and the Term shall end; provided, however, that such termination shall not be effective if the breach has been cured prior to the expiration of the sixty (60) calendar day notice period or within such longer cure period (not to exceed one hundred eighty (180) calendar days) as is reasonably necessary to cure the breach so long as the breaching Party is diligently proceeding to cure. If one of the Associations is in material breach, but the other Association is not, CSCDA may seek to terminate this Agreement as to the Association in breach, but may not seek to terminate this Agreement as to the Association not in breach.
- 6.3 Upon termination or expiration of this Agreement, the Associations shall receive the portion of all accrued, unpaid Fees to which the Associations are entitled under this Agreement as of the effective date of such termination or expiration; provided, however, that CSCDA is not responsible for any accrued unpaid Fees due and owing to the Associations until such fee revenues generating the Associations' Fees have been received by CSCDA.

7. INDEMNIFICATION.

- 7.1 The Associations hereby agree to indemnify, defend and hold harmless CSCDA and its commissioners, officers, employees, agents and representatives ("representatives") from and against any and all third-party causes of action, liabilities, claims, losses, costs, damages, and expenses (including reasonable attorneys' fees and legal costs, which shall be reimbursed as incurred) arising from or relating to or based on any of the following: (a) any breach by one or both Associations of their obligations, representations, warranties, or covenants contained in this Agreement, or (b) one or both Associations' negligence, willful misconduct, or fraud, except to the extent such causes of action, liabilities, claims, costs, damages, and expenses arise from a breach by CSCDA of any of its obligations, representations, warranties, or covenants herein or any act or omission of CSCDA. The Associations shall only be responsible under this subsection for the acts or omissions of their respective representatives.
- 7.2 CSCDA hereby agrees to indemnify, defend and hold harmless the Associations and their representatives from and against any and all third-party causes of action, liabilities, claims, losses, costs, damages, and expenses (including reasonable attorneys' fees and legal costs, which shall be reimbursed as incurred) arising from or relating to or based on any of the following: (a) any breach by CSCDA of its obligations, representations, warranties, or covenants contained in this

Agreement, or (b) CSCDA's negligence, willful misconduct, or fraud; except to the extent such causes of action, liabilities, claims, costs, damages, and expenses arise from a breach by one or both Associations of any of their obligations, representations, warranties, or covenants herein or any act or omission of the Associations.

7.3 The Party providing the indemnity and defense pursuant to this Agreement shall have the right to: (a) employ attorneys to institute or defend any claim, which attorneys must be reasonably acceptable to the other Party, (b) take any other reasonably appropriate steps to protect all rights and interests at issue; or (c) settle, compromise in good faith, or in any other manner dispose of any claim and satisfy any judgment that may be rendered, except that no compromise, settlement, or disposition of any such claim may be effected or committed by the indemnifying Party without the prior written consent of the indemnified Party, which consent may not be unreasonably withheld or delayed. The indemnified Party shall have the right to participate in the defense of any such claim. If the indemnifying Party does not commence the defense of any claim promptly following written notice thereof, the indemnified Party shall have the right to retain separate counsel to represent its interests at the sole cost and expense of the indemnifying Party.

7.4. The indemnification provisions of this Section 7 shall survive the termination of this Agreement.

8. **GOVERNING LAW AND DISPUTE RESOLUTION.** This Agreement will be governed by and interpreted in accordance with the laws of the State of California without regard to any conflict of laws principles.

9. **ASSIGNMENT.**

9.1 Except as provided in subsection 9.2, no Party may assign any of its rights or obligations hereunder, whether by operation of law or otherwise, without the prior written consent of the other Parties (not to be unreasonably withheld). This Agreement will be binding upon and will inure to the benefit of a Party's permitted successors and assigns.

9.2 Other than its responsibilities to sponsor of and appoint commissioners to CSCDA under the June 1, 1988 Amended and Restated Joint Exercise of Powers Agreement Relating to CSCDA, CSAC may assign part or all of its responsibilities and revenues under this agreement to the CSAC Finance Corporation, a nonprofit corporation, per the April 17, 2015 Trademark License, Royalty and Services Agreement entered into between CSAC and the CSAC Finance Corporation.

10. **SEVERABILITY.** If any provision of this Agreement is held unlawful or invalid by court or administrative decision, it shall be deemed severable and such unlawfulness or invalidity shall not in any way affect any other provision of this Agreement that can be given effect without the unlawful or invalid provision.

11. **WAIVER.** Any failure of a Party to enforce, for any period of time, any of the provisions under this Agreement shall not be construed as a waiver of such provisions or of the right of said Party thereafter to enforce each and every provision under this Agreement.
12. **COUNTERPARTS.** This Agreement may be executed in two or more counterparts, each of which, when so executed, shall be deemed an original, but all of which counterparts together shall constitute one and the same document.
13. **ENTIRE AGREEMENT; AMENDMENTS.** This Agreement constitutes the entire understanding and agreement of the Parties respecting the subject matter of this Agreement and no modification, change, or amendment of this Agreement shall be binding upon the Parties, except by mutual express consent in writing of subsequent date duly signed by the authorized representatives of each of the Parties. The Exhibits to this Agreement are a part of this Agreement and are incorporated herein by this reference.
14. **TERMINATION OF PRIOR AGREEMENTS.** The parties and their approved assigns under Section 9 agree this Agreement shall supersede and result in the termination of the June 1, 1988 agreements between CSCDA and the LCC and CSCDA and the CSAC Finance Corporation. On July 1, 2015 those agreements shall no longer have force and effect.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date by their duly authorized representatives as set forth below.

 Larry Combs, Chair
 California Statewide Communities Development Authority

 Chris McKenzie, Executive Director
 League of California Cities

 Matt Cate, Executive Director
 California State Association of Counties

ACKNOWLEDGMENT:

ATTEST:

 Laura Labanieh, Interim Executive Director
 CSAC Finance Corporation

 Dan Harrison, Secretary
 California Statewide Communities
 Development Authority



MEMORANDUM

TO: Chair and Board Members
California Statewide Communities Development Commission

CC: Cathy Bando, Executive Director

FROM: Greg Stepanicich, General Counsel

DATE: June 23, 2015

SUBJECT: Agreement with HB Capital

The Chair of the Commission appointed a committee made up of Chair Larry Combs, Vice-Chair Kevin O'Rourke, Commissioner Dan Harrison, and Executive Director Cathy Bando to negotiate a new Program Manager Agreement with BSP and a transition agreement with HB Capital providing for the transfer of program manager functions to BSP and describing the services to be performed by HB Capital on bond transactions that close on or before June 30, 2015. The BSP Program Manager contract was approved by the Commission at its December 4, 2014 meeting. The committee has been negotiating with HB Capital since the beginning of this year on the transition contract. These negotiations have continued through today.

Attached for the Commission's consideration is a proposed agreement with HB Capital that the committee recommends for approval. Although most terms have been agreed to by HB Capital there are some key remaining points that HB Capital has not agreed to accept. These are identified below and will be further explained at the Commission meeting. It is possible that some if not all of these disputed points will be agreed upon by the meeting. Also there remain some language differences between the parties that I am continuing to discuss with HB Capital's legal counsel. The agreement provides for the following key terms:

1. Confirms the termination of the existing HB Capital Program Manager Agreement on June 30, 2015.
2. Describes the services that HB Capital will perform after June 30, 2015 on what are defined as Pre-Termination Bond Transactions. These are bond transactions that close on or before June 30, 2015. Also describes the type of services that are specifically excluded from the agreement.
3. Provides that HB Capital will refer to the Authority any refunding of Pre-Termination Bond Transactions. HB has objected to being excluded from any role in such refundings.

MEMORANDUM

Chair and Board Members
California Statewide Communities Development Commission
June 23, 2015
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4. Provides for the continued payment of annual administrative fees derived from Pre-Termination Bond Transactions to HB Capital after the termination of its current Program Manager contract on June 30, 2015. The soon to be terminated HB Capital Program Manager contract provides for HB Capital to receive its portion of the annual administrative fee until all bond transactions that close before the termination date are paid off. The new contract reflects this provision.
5. Release of claims by both Authority and the Authority arising from the dispute over the obligations of HB Capital to provide post termination services and the obligation of the Authority to pay an administrative fee to HB Capital. The release by the Authority relates only to the dispute between the parties as to whether HB Capital is obligated to provide any post-termination administrative services with respect to Pre-Termination Bond Transactions and the obligation of the Authority to pay to HB Capital annual administrative fees. The release by HB Capital also involved the above-described disputed issues. In addition, the HB Capital release includes any claims by HB Capital arising from the Program Manager RFP process or the Authority entering into a new program manager contract with BSP. The release does not include BSP.
6. Provides for the creation of a new website funded by the Authority's reserve fund that will replace the existing website.
7. Provides that all domain names currently held by HB Capital will be transferred to the Authority, including CSCDA.org, cscdcnewmarkets.org and cacommunities.org. HB Capital objects to transferring the cacommunities.org domain name to the Authority as it wants to continue to use this domain name for billing purposes only on the closed transactions. The draft agreement has been revised to provide that after June 30, 2015, HB Capital can continue to use the billing@cacommunities.org email address for billing purposes. HB Capital has not agreed to this provision.
8. Allows HB Capital to continue to use its telephone numbers that have been used when it was program manager provided that these numbers are identified as being HB Capital's personal telephone numbers and do not refer to the Authority or any Authority programs.
9. Requires HB Capital to download bond documents, billing and accounting information and other information in its possession necessary for the continued

MEMORANDUM

Chair and Board Members
California Statewide Communities Development Commission
June 23, 2015
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- provision of services to Authority clients to an electronic data base for transmission to Authority.
10. Provides for the continued contribution of annual administrative fees from Pre-Termination Bond Transactions into the Authority's Reserve Fund in order to maintain a \$500,000 balance. The Reserve Fund is funded from a 5% contribution of administrative fees for all outstanding and future bond transactions. We have reached an agreement in concept with HB Capital on this provision but we are not agreed on the specific language.
 11. Provides that the fund transfer authorization and signature authority on all bank accounts currently located at U.S. Bank will be updated to remove HB Capital and replace it with such persons as determined by Authority. HB Capital wants to continue to manage the Annual Administration Fees Account with respect to the Pre-Termination Bond Transactions.
 12. HB Capital will transfer to the Authority all registered trademarks and logos to the Authority.
 13. In the event that HB Capital fails to satisfactorily perform any of the required services, the Authority may deduct the costs of hiring another party to perform such services after notice and an opportunity to cure is provided to HB Capital and HB Capital is given the opportunity to seek expedited arbitration of such deduction.
 14. In the event of any conflict between the provisions of this Agreement and HB Capital's Program Manager contract, the provisions of this Agreement will control, and on July 1, 2015 such contract will be superseded in its entirety by this Agreement.

AGREEMENT

This Agreement (hereinafter "**Agreement**"), dated as of June __, 2015, is entered into by and between California Statewide Communities Development Authority, a California joint powers authority ("**Authority**") and HB Capital Resources, Ltd., a California corporation and its assignees, including, without limitation, GPM Municipal Advisors, LLC, a California limited liability company (collectively, "**HB Capital**"). Each of Authority and HB Capital is individually referred hereto as a "**Party**" and together as the "**Parties**."

RECITALS

A. WHEREAS the Parties entered into that certain Amended and Restated Agreement for Services dated April 10, 2000 (as amended and assigned from time to time, the "**Agreement for Services**").

B. WHEREAS the Term of the Agreement for Services (as defined in Section 3 of the Agreement for Services) will expire by its terms on June 30, 2015 (the "**Termination Date**").

C. WHEREAS, the Parties wish to enter into this Agreement to set forth the terms and conditions agreed upon by Authority and HB Capital to provide for the transition by HB Capital as Program Manager to a new program manager, Bridge Strategic Partners ("**BSP**").

D. WHEREAS in connection with the termination of HB Capital's role as Program Manager, the Parties have disagreements (the "**Disputes**") regarding (i) whether HB Capital is obligated to provide any post-termination administrative services (the "**Post-Termination Services**") to Authority with respect to all bond transactions that are closed on or before the Termination Date (the "**Pre-Termination Bond Transactions**") and (ii) the obligation of Authority to pay to HB Capital, without providing any Post-Termination Services, post-termination administrative fees related to the Pre-Termination Bond Transactions as described in the Agreement for Services (the "**Post-Termination Fees**").

E. WHEREAS the Parties, in part, wish to enter into this Agreement to set forth the terms and conditions agreed upon by Authority and HB Capital to determine, confirm and resolve the Disputes regarding the Post-Termination Services and the Post-Termination Fees.

F. WHEREAS, the Parties also wish to confirm and agree that HB Capital will provide compliance monitoring services after the end of the Term for affordable housing projects financed in Pre-Termination Bond Transactions ("**Post-Termination Compliance Monitoring Services**") and receive under this Agreement the compliance monitoring fees described and set forth in the Agreement for Services and the Amendments thereto (the "**Compliance Monitoring Fees**") for those services.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. **TERMINATION OF HB CAPITAL.** The parties acknowledge and agree that HB Capital's role as Program Manager shall terminate as of the Termination Date and that except for the Post-Termination Administrative Services and the Post-Termination Compliance Monitoring Services (collectively, the "**Post-Termination Services**") described herein, on and after the Termination Date, HB Capital shall have no further obligations under or relating to the Agreement for Services.

2. **POST-TERMINATION SERVICES.** The Parties hereby agree that notwithstanding anything to the contrary in the Agreement for Services, HB Capital or one or more of its subsidiaries, affiliates or associated companies, as HB Capital may determine, shall provide the following Post-Termination Services to Authority in connection with the Pre-Termination Bond Transactions:

- a. Provide for the collection and reporting of annual administrative fees for the Pre-Termination Bond Transactions.
- b. Provide an accounting of all annual administrative fee activity related to Pre-Termination Bond transactions to Authority and/or its permitted assignees that are reasonably necessary for Authority's reporting purposes.
- c. Provide information requested by Authority's auditor and available to HB Capital in the normal course of an audit related to the Pre-Termination Bond Transactions. Any such information requests shall be at the sole and exclusive expense of HB Capital.
- d. Notify Authority on a monthly-basis of bond refunding activity related to the Pre-Termination Bond Transactions for such calendar month. The form and methods of such notifications shall be approved by Authority and HB Capital. HB Capital shall refer any proposed bond refunding on Pre-Termination Bond Transactions to Authority and shall not participate in any manner in the refunding of a Pre-Termination Bond Transaction (including but not limited to serving as a consultant, contractor or program manager to any other financing issuer or entity).
- e. Perform compliance monitoring services for all Authority affordable housing projects in monitoring by HB Capital on the Termination Date. This includes: (i) continuing to make use of the FOCUS compliance monitoring system available (or any successor products that HB Capital may so choose in the future) for use by all Authority borrowers required to submit compliance reporting activities with respect to Pre-Termination Bond Transactions; and (ii) handling regulatory reporting requirements for such projects on behalf of Authority or providing such information to the party(ies) otherwise so engaged by Authority.

- f. Facilitate post-issuance finance restructuring, workouts or other necessary Authority approvals related to the Pre-Termination Bond Transactions pursuant to applicable provisions of the documents evidencing the Pre-Termination Bond Transactions in coordination with Authority's Executive Director or such other person as the Authority may designate.
- g. As requested by Authority, HB Capital shall cooperate in the preparation of the Authority's annual budget, including providing estimates of annual administrative fees to be received during the budget year.

3. **EXCLUSIONS TO POST-TERMINATION SERVICES.** For clarification, the Post-Termination Services to be performed by HB Capital and/or its subsidiaries, affiliates or associated companies related to the Pre-Termination Bond Transactions shall specifically exclude (and HB Capital and its subsidiaries, affiliates or associated companies, shall not be required to perform):

- a. Preparation of financial statements for Authority, the California Statewide Communities Development Corporation ("**CSCDC**"), California Statewide Finance Authority ("**CSFA**") and any of their related parties regardless of whether or not such financial statements relate to the Pre-Termination Bond Transactions.
- b. Management of audits for Authority, CSCDC, CSFA and any of their related parties.
- c. Provision of any information technology services, systems, or other related tools unless separately agreed upon by the Parties in writing.
- d. Management of any Internal Revenue Service inquiries or inquiries from other authorities regardless of whether or not such inquiries relate to the Pre-Termination Bond Transactions. However, HB Capital shall cooperate with and provide documents within its possession to the Internal Revenue Service or other authorities if requested to do so by the Authority's Executive Director with respect to Pre-Termination Bond Transactions.
- e. No issuance or administration services shall be required to be performed by HB Capital after the Termination Date with respect to applications and programs not closed by HB Capital prior to the Termination Date.
- f. Other services not specifically enumerated in Section 2 above unless later agreed upon by the Parties in writing.

4. **ON-GOING OBLIGATIONS OF AUTHORITY POST-TERMINATION DATE.** Authority shall promptly pay and continue to pay HB Capital, without deduction or offset except as provided by Section 7.e., and throughout the entire financing term of each project that is the subject of a Pre-Termination Bond Transaction, and for so long as any bonds or other obligations (or any portion thereof) relating to the Pre-Termination Bond Transactions remain unpaid or otherwise remain outstanding, the Post-Termination Fees described in Section 2 and Exhibit B of

the Agreement for Services for all the Pre-Termination Bond Transactions. As to any Pre-Termination Bond Transactions that are refunded after the Termination Date, no issuance or annual administrative fees will be paid to HB Capital for any refunded bonds that are processed by the Authority's program manager at that time. Authority will continue to fund under this Agreement the payment of fees payable to Compliance Services, LLC for Post-Termination Compliance Monitoring Services set forth in Section 2.e. above from administrative fee collections received by Authority in the amounts described and set forth in the Agreement for Services and the Amendments thereto. All Post-Termination Fees due to HB Capital will be paid from the then existing trust account established by Authority subject to the reserve requirements set forth in Section 6.f. of this Agreement.

The Post-Termination Fees paid pursuant to this Agreement shall be the sole and exclusive compensation paid to HB Capital by Authority after the termination of the Agreement for Services. HB Capital shall not be entitled to be reimbursed for any expenses it incurs in providing Post-Termination Services other than the payment of the Post-Termination Fees it is entitled to receive under this Agreement.

5. **RELEASE OF CLAIMS.**

- a. **Release by Authority.** Effective upon execution of this Agreement, Authority, on behalf of itself and its, commissioners, and Executive Director, hereby releases, acquits and forever discharges HB Capital and its subsidiaries and assignees, and each of their directors, officers, members, owners, partners, and managers (collectively the "**HB Capital Releasees**") for any and all claims, demands, losses, liabilities, causes of action, obligations and claims for damages, lawsuits, costs, attorneys' fees and expenses of every kind and nature whatsoever, known or unknown, anticipated or unanticipated, fixed or contingent, which Authority may have, or may hereafter claim to have, against HB Capital Releasees (or any of them) pertaining to or arising out of the Disputes or any acts or omissions giving rise to the Disputes, including, without limitation, any claim by Authority that HB Capital is not entitled to the Post-Termination Fees as provided in this Agreement and the Agreement for Services. Authority agrees that this Agreement is a fair and just compromise of Authority's claims (if any), and specifically, Authority agrees that this Agreement and release of claims fairly and accurately represents and protects its interests. Nothing contained in this Agreement, including the releases contained herein, is meant to release and shall not affect, in any way, the Post-Termination Service obligations set forth in Sections 2 and 3 above or the other obligations of HB Capital set forth in this Agreement.
- b. **Release by HB Capital.** Effective upon execution of this Agreement, HB Capital, on behalf of itself and its subsidiaries and assignees, and their directors, officers, members, owners, partners, and managers, hereby releases, acquits and forever discharges Authority, its sponsors, commissioners, and Executive Director (collectively the "**Authority Releasees**") for any and all claims, demands, losses, liabilities, causes of action, obligations and claims for damages, lawsuits, costs, attorneys' fees and expenses of every kind and nature whatsoever, known or

unknown, anticipated or unanticipated, fixed or contingent, which HB Capital may have, or may hereafter claim to have, against Authority Releasees (or any of them) pertaining to or arising out of the Disputes or any acts or omissions giving rise to the Disputes, including any claims against the Authority Releasees related to the Proposal to Provide Program Origination, Program Development and Management Services to Authority dated June 24, 2014 (the “**RFP**”), the Amended and Restated Request for Proposal to Provide Program Origination, Program Development and Management Services to Authority dated September 23, 2014 (the “**Amended RFP**”) or any modification thereof. The release provided herein by HB Capital also shall apply to any claims or causes of action that it may have arising from Authority entering into a new program manager agreement with BSP, . HB Capital agrees that this Agreement is a fair and just compromise of HB Capital’s claims (if any), and specifically, HB Capital agrees that this Agreement and release of claims fairly and accurately represents and protects its interests. Nothing contained in this Agreement, including the releases contained herein, is meant to release and shall not affect, in any way, the on-going obligations of Authority contained in this Agreement, including without limitation the payment obligations of Authority contained in Section 4 above.

- c. **Release of Unknown Claims.** Each of Authority and HB Capital are aware that they may hereafter discover claims or facts in addition to or different from those that they each know or believe to be true with respect to the matters released herein. Nevertheless, except for the on-going obligations as contained in this Agreement, it is each party’s intention to fully, finally, and forever settle and release the matters and claims described in this Section 5, which do now exist, may exist, or heretofore have existed. In furtherance of such intention, the releases given herein shall be and remain in effect as a full and complete release of all such matters and claims notwithstanding the discovery or existence of an additional or different matters or claims or facts relative thereto. Accordingly, each of Authority and HB Capital specifically each waive the benefit of the provisions of Section 1542 of the Civil Code of the State of California, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Each of Authority and HB Capital hereby confirm that they will not sue any of the HB Releasees or the Authority Releasees, respectively, for any of the matters and claims that are released in this Agreement.

6. **OBLIGATIONS OF THE PARTIES PRIOR TO THE TERMINATION DATE WITH REGARD TO TRANSITION.** Notwithstanding anything to the contrary in the Agreement for Services, the Parties agree as follows:

- a. **Communications.** During the period from the date of this Agreement through the close of business on June 30, 2015 (the “**Transition Period**”), prior to widely distributing a material communication relating to the HB Capital’s transition to Authority borrowers or other interested persons, Authority and HB Capital will provide drafts to each other for review at least twenty four (24) hours prior to making such communication. Comments on such communication will be reasonably considered by the respective Parties. In the event Authority and HB Capital cannot agree on the content of or other aspects of communications to Authority borrowers or other interested parties, each Party will have the right to communicate separately with such borrowers and interested parties, without coordination with or approval by the other Party. All communications by each Party regarding the transition of program manager services from HB Capital to BSP will be factually accurate. HB Capital will not post any communications relating to the program manager transition on the Authority website (the “**Website**”) without the approval of the Authority Executive Director. These obligations will terminate upon the Termination Date.
- b. **Information Technology Matters.** Authority has retained PMC as an information technology consultant to review the existing Authority Website and the continued operation of a Website for Authority after the Termination Date. Based on this review by PMC, the Authority has hired PMC during the Transition Period to rebuild a Website for Authority. HB Capital has delivered to Authority in an electronic format acceptable all existing content, graphics, images (other than images licensed to HB Capital that are not transferable) and branding owned by HB Capital from the existing Website. The costs of PMC in rebuilding the Authority Website and making it fully operational shall be paid by Authority from the Reserve Fund. Authority and HB Capital shall cooperate in good faith in the establishment of a new Authority Website. Effective as of the close of business on June 30, 2015, the existing Authority Website shall be shut down and replaced by the rebuilt Website.
- c. **Domain Names and Telephone Numbers.** HB Capital shall transfer to Authority (or BSP if directed by Authority) all Authority related domain names by no later than the Termination Date, including but not limited to cacommunities.org, cscda.org and cscdcnewmarkets.org (along with any related domain name extensions, “**Transferred Domain Names**”). After the Termination Date, HB Capital shall not use in any manner any of the Transferred Domain Names or other domain names that reference Authority in any manner. Prior to the Termination Date, HB Capital shall shut down its CSCDA Twitter account which will be re-established by the Authority. After the Termination Date, Authority shall promptly forward any e-mails or other written communications it receives related to Pre-Termination Bond Transactions to HB Capital. Authority shall take all necessary steps to ensure that, after the Termination Date, (i) neither Authority nor any Authority program manager shall replicate or use any of the e-mail addresses heretofore used by HB Capital employees or representatives that include the name (or abbreviated portions thereof) of such employee or representative and any of the Transferred Domain

Names, and (ii) the HB Capital e-mail addresses associated with the Transferred Domain Names listed on **Exhibit A** are disabled or otherwise blocked, so that Authority does not receive e-mail communications to such e-mail addresses and senders receive a standard reply message stating that the Authority has changed program managers and that this particular email is undeliverable. The standard reply message also may contain the contact information for BSP. After the Termination Date, HB Capital may continue to use its telephone numbers that it has previously used as HB Capital provided that these numbers are identified as the personal telephone numbers of HB Capital and do not refer in any manner to Authority or Authority's programs or operations. Although HB Capital is transferring the ca.communities.org domain name to Authority, Authority agrees that HB Capital may use the billing@ca.communities.org email address solely for purposes of performing Post-Termination billing services for Authority.

- d. **Transfer of Documents and Records.** HB Capital will comply with its obligations under Section 3.5 of the Agreement for Services and prior to the Termination Date, will download bond documents, billing and accounting information, and other information in its possession necessary for continued provision of services to Authority clients, to an electronic data base for transmission to Authority or BSP, as Authority directs. HB Capital shall retain copies of the bond documents relating to the Pre-Termination Bond Transactions to perform the on-going Post-Termination Services. In the event that Authority requests a copy of any such bond-related document, HB Capital will promptly comply with Authority's request.
- e. **Insurance.** Prior to June 30, 2015, HB Capital will transition Commission and Board of Director Member Directors and Officers insurance responsibilities (including broker/underwriter contact information) to Authority and/or BSP.
- f. **Reserve Fund.** After the Termination Date, 5% of all annual administrative fees received from the Pre-Termination Bond Transactions will continue to be paid into the Reserve Fund from the Authority's custody accounts (currently held at U.S. Bank) into which annual administrative fees from all closed bond transactions are initially deposited after receipt. Such payment into the Reserve Fund from the Pre-Termination Bond Transactions will be required only to the extent such payments are required to maintain a \$500,000 balance in the Reserve Fund. Prior to the distribution of the remaining annual administrative fees from Pre-Termination Bond Transactions to HB Capital and the League of California Cities and CSAC, any housing compliance fees shall first be paid to Compliance Services, LLC. Amounts in the Reserve Fund shall continue to be used only for the purposes for which the Reserve Fund has been used prior to the Termination Date including without limitation litigation, insurance, charitable contributions, legislative representation expenses, administrative expenses and marketing expenses and such purposes shall not be expanded without the prior written consent of HB Capital. HB Capital's consent, shall not be required, however, for any other reserve or special funds established by Authority for any purpose that do not use annual administrative fees from Pre-Termination Bond Transactions.

Upon request by HB Capital made not more than once quarterly, Authority shall provide to HB Capital a detailed list of payments into and payments from the Reserve Fund for the prior quarter and otherwise cooperate with HB Capital so that HB Capital can confirm compliance with the provisions of this Section 6.f. At such time as all outstanding bonds issued in Pre-Termination Bond Transactions have been paid off or otherwise no longer remain outstanding (“Final Payment Date”), that portion of the Reserve Fund on the Final Payment Date attributed to fees that HB Capital would otherwise receive but for the required payments into the Reserve Fund shall be promptly transferred and returned to HB Capital.

- g. **Bond Deposits.** For each new bond application that has been submitted by HB Capital prior to the Termination Date, a \$5,000 deposit has been made that would otherwise be applied to the issuance fee when the bond transaction closes. If HB Capital’s share of a deposit was transferred to HB Capital for a transaction that has not closed by the Termination Date, any such deposit amounts shall be returned to Authority by no later than June 30, 2015.
- h. **Bank Accounts.** Prior to the Termination Date, Authority will instruct U.S. Bank to update the funds transfer authorization and signature authority on all accounts, including but not limited to the Reserve Fund, CSCDA Issuance Fees and Deposits Account, CSCDA Annual Administration Fees Account, CDLAC Deposits Account, CSCDC Issuance Fees and Deposits Account, SCIP and CFD Accounts, and CSFA Accounts, to remove HB Capital and replace it with such entity or entities as determined by Authority. HB Capital shall provide any required approvals or authorizations necessary to implement this subsection (h).
- i. **Logos and Trademarks.** HB Capital shall transfer to Authority ownership of all registered trademarks for the following Authority related names or marks: **[List trademarks.]** HB Capital also shall provide to Authority and BSP copies of all Authority related logos (including all logo formats possessed by HB Capital and for every Authority program including those of entities related to Authority such as CSCDC).
- j. **California Statewide Communities Development Corporation (“CSCDC”).** HB Capital shall provide to Authority (or BSP if directed by Authority) all original and electronic CSCDC related documents in its possession, except that HB Capital may maintain copies of any documents necessary to perform its Post-Termination Services as set forth in this Agreement. HB Capital shall pay all CSCDC related invoices received prior to the Termination Date from third party professionals from the CSCDC administrative fee account or the Reserve Fund, as applicable. After the Termination Date, HB Capital shall have no further administrative responsibilities related to CSCDC and shall not receive any future issuance or administrative fees.

7. **OTHER PROVISIONS.**

- a. **No Current Breach.** The Parties hereby acknowledge and confirm that there is no current breach under the Agreement for Services on the part of Authority or HB Capital (or any of the entities included within the definition of “HB Capital” hereunder.)
- b. **Third Party Beneficiaries.** Except for subsidiaries, affiliates or associated companies of HB Capital, and except for the related entities of Authority such as CSCDC, there are no third party beneficiaries to this Agreement. Neither BSP nor any of its owners, members, employees, agents or representatives are third party beneficiaries of this Agreement or any of the provisions hereof.
- c. **Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of California without giving effect to principles of conflicts of law.
- d. **Remedy Upon Breach by Authority.** Any failure of Authority to pay HB Capital any Post-Termination Fees as provided in Section 4 above (On-Going Obligations of Authority Post-Termination Date) shall be a material breach of this Agreement. In the event of such a breach, and subject to the provisions of Section 7.g. below, HB Capital may bring an action at law or in equity, as provided in Section 7.h. below, or in any State or Federal Court located in California, to recover any monies due, and the Authority shall be responsible for pre-judgment interest on any amount which the Authority has improperly failed to pay as determined by a final judgment resulting from arbitration or a court proceeding.
- e. **Remedy Upon Breach by HB Capital.** Any failure of HB Capital to perform in any material respect the Post-Termination Services, as set forth in Section 2 above, shall be a breach of this Agreement. In the event of such a breach, and subject to the cure right described below in this Section 7.e. and to the provisions of Section 7.g. below, Authority may bring an action at law or in equity, as provided in Section 7.h. below to make a claim for damages. Notwithstanding any such claimed breach or the awarding of any right to damages by any arbitrator or court, Authority shall not stop or attempt to offset against the continuous payment of on-going Post-Termination Fees due and owing, as provided for in Section 4 above, except that if such breach is not cured within the cure period described below in this Section 7.e., Authority may deduct any costs incurred by Authority to hire any other person or firm to perform any Post-Termination Services not properly performed by HB Capital.

Prior to making a deduction against the Post-Termination Fees as provided above, Authority shall provide written notice to HB Capital of its failure to perform services specifying the specific services that HB Capital has failed to properly perform. HB Capital shall be given 30 days to cure the failure to perform. If the failure of performance has not been cured within such cure period, Authority shall provide written notice of its intent to make a deduction against Post-Termination Fees to HB Capital setting forth the failure of performance with specificity and the costs proposed to be deducted. After Authority provides written notice,

Authority shall make no deductions for 60 days to allow HB Capital to challenge such deduction by seeking expedited arbitration pursuant to Section 7.h. of this Agreement.

Notwithstanding the Post-Termination Fees payment obligations of Authority provided by this Agreement, in the event of a final court judgment entered against the Authority for damages and the final resolution of any appeals of any final judgment, that cannot be fully paid from the Authority's reserves, Authority shall be authorized to give priority to the payment of such judgment to avoid a default over any payment obligation for Post-Termination Fees or any other fees payable to any other party.

- f. **Conflict Between Agreements.** If there is any conflict between the provisions of this Agreement and the Agreement for Services, the terms of this Agreement shall govern. On the Termination Date, the Agreement for Services and all amendments thereto shall terminate and be superseded in its entirety by this Agreement.
- g. **Dispute Resolution.** The Parties shall notify each other within a commercially reasonable timeframe and as promptly as possible regarding any conflicts or disputes arising out of this Agreement or in the interpretation of the provisions of this Agreement. The Parties will attempt to resolve all such conflicts or disputes as promptly as possible and in good faith before initiating any formal proceedings to resolve a dispute arising out of or relating to this Agreement. The representatives will furnish to each other non-privileged information with respect to the dispute that the Parties believe to be appropriate and germane. Formal proceedings for the resolution of the dispute may not be commenced until the earlier of: (i) the designated representatives conclude that resolution through continued negotiation does not appear likely; or (ii) thirty (30) calendar days have passed since the initial request to negotiate the dispute was made; provided, however, that a Party may file earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or to apply for interim or equitable relief. Discussions and correspondence among the representatives for purposes of these negotiations will be treated as confidential information developed for purposes of settlement, exempt from discovery and production, and will not be admissible in subsequent proceedings between the Parties. Documents identified in or provided with such communications that are not prepared for purposes of the negotiations, are not so exempted and may, if otherwise admissible, be admitted in evidence in such subsequent proceeding.
- h. **Arbitration.** Except as provided in Section 7.d. or Section 7.e. above, any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in San Francisco, California before one arbitrator. The arbitration shall be administered by JAMS pursuant to its Comprehensive

Arbitration Rules and Procedures and in accordance with the Expedited Procedures in those Rules or such other arbitrator mutually agreed upon by the Parties. Judgment on the award may be entered in any court having jurisdiction. Either Party will have the right to apply at any time to a judicial authority for appropriate injunctive or other interim or provisional relief, and will not by doing so be deemed to have breached its agreement to arbitrate or to have affected the powers reserved to the arbitrators. The cost of the arbitration (not the legal fees incurred by each Party) shall be shared equally by the Parties.

- i. **Attorneys Fees.** In the event either Party engages the services of any attorneys for the purpose of enforcing this Agreement, or any provision hereof, the prevailing Party shall be entitled to recover its reasonable expenses and costs in enforcing this Agreement, including attorneys' fees.
- j. **Counterparts.** This Agreement may be executed in any number of counterparts, each such counterpart hereto to be deemed an original instrument, but all such counterparts together to constitute but one agreement. Any signature page delivered by facsimile or e-mail (PDF) shall be binding to the same extent as an original signature page. Any Party who delivers a facsimile or e-mail (PDF) signature page agrees to later deliver an original counterpart to the other Party.
- k. **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties relating to the matters contemplated hereby and thereby and supersedes all prior written agreements and understandings between the Parties relating to the matters contemplated hereby and thereby.
- l. **Amendments.** This Agreement may only be amended in writing executed by all of the Parties hereto.
- m. **Assignment.** This Agreement may not be assigned by either Party unless such assignment is approved by the other Party. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their permitted assigns.
- n. **Agreement Jointly Drafted.** The Parties have participated jointly in the drafting of this Agreement. If an ambiguity or question of intent or interpretation should arise, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or burdening any Party by virtue of the authorship of any of the provisions of this Agreement.
- o. **Severability.** The provisions of this Agreement are hereby declared to be severable, and if any provisions of this Agreement or the application of any such provision to any person or circumstance is declared invalid by a court of law for any reason, such declaration shall not affect the validity of the remaining portions of this Agreement.
- p. **Notice.** All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b)

when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the second day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses set forth below (or to such other address that may be designated by a Party from time to time in accordance with this Section).

AUTHORITY

California Statewide Communities
Development Authority

Attention: Executive Director

HB CAPITAL

HB Capital Resources, Ltd.
2999 Oak Road, Suite 710
Walnut Creek, CA
Attention: _____
Fax: _____

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly signed by their respective officers to be effective as of [_____].

California Statewide Communities Development Authority, a California joint powers authority

By: _____
Name: Larry Combs

Chair of the Commission _____
Title

HB Capital Resources, Ltd., a California corporation

By: _____
Name: Kevin O'Rourke

Vice-Chair of the Commission _____
Title

GPM Municipal Advisors, LLC, a California limited liability company

California Statewide Communities Development Authority, a California joint powers authority

By: _____
Name: Kevin O'Rourke

Vice-Chair of the Commission _____
Title

By: _____
Name:

Title

HB Bond Administration 1987, LLC, a California limited liability company

By: _____
Name:

Title

HB Bond Administration 2004, LLC, a California limited liability company

By: _____
Name:

Title

Compliance Services, LLC, a California limited liability company

By: _____
Name:

Title

EXHIBIT A

**HB CAPITAL E-MAIL ADDRESSES ASSOCIATED WITH TRANSFERRED DOMAIN
NAMES**