RESOLUTION AUTHORIZING THE CITY OF STOCKTON TO JOIN THE STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM; AUTHORIZING THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO ACCEPT APPLICATIONS FROM PROPERTY OWNERS, CONDUCT SPECIAL ASSESSMENT PROCEEDINGS, AND LEVY ASSESSMENTS WITHIN THE TERRITORY OF THE CITY OF STOCKTON; APPROVING FORM OF ACQUISITION AGREEMENT FOR USE WHEN APPLICABLE; AUTHORIZING THE CITY MANAGER TO ENTER INTO FUTURE ACQUISITION AGREEMENTS WITH PROPERTY OWNERS/DEVELOPERS; AND AUTHORIZING RELATED ACTIONS

The California Statewide Communities Development Authority ("Authority") is a joint exercise of powers authority the members of which include numerous cities and counties in the State of California, including the City of Stockton ("City"); and

The Authority has established the Statewide Community Infrastructure Program ("SCIP") to allow the financing of certain development impact fees ("Fees") levied in accordance with the Mitigation Fee Act (Gov. Code, §§ 66000 and following) and other authority providing for the levy of fees on new development to pay for public capital improvements (collectively "Fee Act") through the levy of special assessments pursuant to the Municipal Improvement Act of 1913 (Sts. & Hy. Code, §§ 10000 and following ["1913 Act"]) and the issuance of improvement bonds ("Local Obligations") under the Improvement Bond Act of 1915 (Sts. & Hy. Code, §§ 8500 and following ["1915 Act"]) upon the security of the unpaid special assessments; and

SCIP will also allow the financing of certain public capital improvements to be constructed by or on behalf of property owners for acquisition by the City or another public agency ("Improvements"); and

The City desires to allow the owners of property being developed within its jurisdiction ("Participating Developers") to participate in SCIP and to allow the Authority to conduct assessment proceedings under the 1913 Act and to issue Local Obligations under the 1915 Act to finance Fees levied on such properties and Improvements, provided that such Participating Developers voluntarily agree to participate and consent to the levy of such assessments; and

In each year in which eligible property owners within the jurisdiction of the City elect to be Participating Developers, the Authority will conduct assessment proceedings under the 1913 Act and issue Local Obligations under the 1915 Act to finance Fees payable by such property owners and Improvements and, at the conclusion of such proceedings, will levy special assessments on such property within the territory of the City; and
There has been presented at this meeting a proposed form of Resolution of Intention ("ROI") to be adopted by the Authority in connection with such assessment proceedings, a copy of which is attached hereto as Exhibit 1, and the territory within which assessments may be levied for SCIP (provided that each Participating Developer consents to such assessment) shall be coterminal with the City's official boundaries of record at the time of adoption of each such ROI ("Proposed Boundaries"), and reference is hereby made to such boundaries for the plat or map required to be included in this Resolution pursuant to Section 10104 of the Streets and Highways Code; and

There has also been presented at this meeting a proposed form of Acquisition Agreement ("Acquisition Agreement"), a copy of which is attached hereto as Exhibit 2, to be approved "as to form" for use with respect to any Improvements to be constructed and installed by a Participating Developer and for which the Participating Developer requests acquisition financing as part of its SCIP application; and

The City will not be responsible for the conduct of any assessment proceedings; the levy or collection of assessments or any required remedial action in the case of delinquencies in such assessment payments; or the issuance, sale, or administration of the Local Obligations or any other bonds issued in connection with SCIP; and

Pursuant to Government Code section 6586.5, notice was published at least five days prior to the adoption of this resolution at a public hearing, which was duly conducted by this Council concerning the significant public benefits of SCIP and the financing of the Improvements and the public capital improvements to be paid for with the proceeds of the Fees. The City is exempt from all other notices required by section 6586.5; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The City hereby consents to the conduct of special assessment proceedings by the Authority in connection with SCIP pursuant to the 1913 Act and the issuance of Local Obligations under the 1915 Act on any property within the Proposed Boundaries; provided, that

   (a) Such proceedings are conducted pursuant to one or more Resolutions of Intention in substantially the form of the ROI attached hereto as Exhibit 1 and incorporated by this reference; and

   (b) The Participating Developers, who shall be the legal owners of such property, execute a written consent to the levy of assessment in connection with SCIP by the Authority and execute an assessment ballot in favor of such assessment in compliance with the requirements of Section 4 of Article XllID of the State Constitution.

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

3. The Authority has prepared and will update from time to time the “SCIP Manual of Procedures” ("Manual"), and the City will handle Fee revenues and funds for Improvements for properties participating in SCIP in accordance with the procedures set forth in the Manual attached hereto as Exhibit 3.

4. The Form of Acquisition Agreement, attached hereto as Exhibit 2, is hereby approved, and the City Manager is authorized to execute completed Acquisition Agreements in substantially said form and pertaining to the Improvements being financed on behalf of the applicable Participating Developer.

5. The appropriate officials and staff of the City are hereby authorized and directed to make SCIP applications available to all property owners who are subject to Fees for new development within the City and/or who are conditioned to install Improvements and to inform such owners of their option to participate in SCIP; provided, that the Authority shall be responsible for providing such applications and related materials at its own expense. The staff persons listed on the attached Exhibit 4, together with any other staff persons chosen by the City Manager, or his designee, from time to time, are hereby designated as the contact persons for the Authority in connection with the SCIP program.

6. The appropriate officials and staff of the City are hereby authorized and directed to execute and deliver such closing certificates, requisitions, agreements, and related documents including, but not limited to: such documents as may be required by Bond Counsel in connection with the participation in SCIP of any districts, authorities, or other third-party entities entitled to own Improvements and/or to levy and collect fees on new development to pay for public capital improvements within the jurisdiction of the City, as are reasonably required by the Authority in accordance with the Manual to implement SCIP for Participating Developers and to evidence compliance with the requirements of federal and state law in connection with the issuance by the Authority of the Local Obligations and any other bonds for SCIP. To that end, and pursuant to Treasury Regulations Section 1.150-2, the staff persons listed on Exhibit 4, or other staff person acting in the same capacity for the City with respect to SCIP, are hereby authorized and designated to declare the official intent of the City with respect to the public capital improvements to be paid or reimbursed through participation in SCIP.

7. This Resolution shall take effect immediately upon its adoption. The City Clerk is hereby authorized and directed to transmit a certified copy of this resolution to the Secretary of the Authority.

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8. The City Manager is authorized to take such other actions as are necessary and appropriate to carry out the purpose and intent of this Resolution.

PASSED, APPROVED and ADOPTED       June 10, 2014

ANTHONY SILVA, Mayor of the City of Stockton

ATTEST:

BONNIE PAIGE, City Clerk of the City of Stockton
FORM OF RESOLUTION OF INTENTION TO BE ADOPTED BY CSCDA

RESOLUTION OF INTENTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO FINANCE IMPROVEMENTS AND/OR THE PAYMENT OF DEVELOPMENT IMPACT FEES FOR PUBLIC CAPITAL IMPROVEMENTS IN THE PROPOSED ASSESSMENT DISTRICT NO. __________ (COUNTY OF SAN JOAQUIN, CALIFORNIA), APPROVING A PROPOSED BOUNDARY MAP, MAKING certain declarations, findings and determinations related concerning matters, and authorizing related actions in connection therewith.

WHEREAS, under the authority of the Municipal Improvement Act of 1913 (the “1913 Act”), being Division 12 (commencing with Sections 1000 and following) of the California Streets and Highways Code, the Commission (the “Commission”) of the California Statewide Communities Development Authority (the “Authority”) intends to finance, through its Statewide Community Infrastructure Program, the payment of certain development impact fees for public capital improvements as described in Exhibit A attached hereto and by this reference incorporated herein (the “Fees”) and to finance certain public capital improvements to be constructed by or on behalf of the property owner(s) and to be acquired by the City or another local agency (the “Improvements”), all of which are of benefit to the property within the proposed Assessment District No. __________ (County of San Joaquin, California) (the “Assessment District”); and

WHEREAS, the Commission finds that the land specially benefited by the Fees and the Improvements is shown within the boundaries of the map entitled “Proposed Boundaries of the Assessment District No. __________ (County of San Joaquin, California)”;

NOW, THEREFORE, BE IT RESOLVED that the Commission of the California Statewide Communities Development Authority hereby finds, determines and resolves as follows:

1. The above recitals are true and correct, and the Commission so finds and determines.

2. Pursuant to Section 2961 of the Special Assessment Investigation, Limitations and Majority Protest Act of 1931 (the “1931 Act”), being Division 4 (commencing with Section 2800) of the California Streets and Highways Code, the Commission hereby declares its intent to comply with the requirements of the 1931 Act by complying with Part 7.5 thereof.

3. The Commission has or will designate a registered, professional engineer as Engineer of Work for this project, and hereby directs said firm to prepare the report containing the matters required by Sections 2961(b) and 10204 of the Streets and Highways Code, as supplemented by Section 4 of Article XIIID of the California Constitution.

4. The proposed boundary map of the Assessment District is hereby approved and adopted. Pursuant to Section 3111 of the California Streets and Highways Code, the Secretary of the Authority is directed to file a copy of the map in the office of the County Recorder of the County of San Joaquin within fifteen (15) days of adoption of this resolution.
5. The Commission determines that the cost of the Fees and Improvements shall be specially assessed against the lots, pieces or parcels of land within the Assessment District benefitting from the payment of the Fees and the provisions of the Improvements. The Commission intends to levy a special assessment upon such lots, pieces or parcels in accordance with the special benefit to be received by each such lot, piece or parcel of land, respectively, from the payment of the Fees and the provision of the Improvements.

6. The Commission intends, pursuant to subparagraph (f) of Section 10204 of the California Streets and Highways Code, to provide for an annual assessment upon each of the parcels of land in the proposed assessment district to pay various costs and expenses incurred from time to time by the Authority and not otherwise reimbursed to the Authority which result from the administration and collection of assessment installments or from the administration or registration of the improvement bonds and the various funds and accounts pertaining thereto.

7. Bonds representing unpaid assessments, and bearing interest at a rate not to exceed twelve percent (12%) per annum, will be issued in the manner provided by the Improvement Bond Act of 1915 (Division 10, Streets and Highways Code), and the last installment of the bonds shall mature not to exceed thirty (30) years from the second day of September next succeeding twelve (12) months from their date.

8. The procedure for the collection of assessments and advance retirement of bonds under the Improvement Bond Act of 1915 shall be provided in Part 11.1, Division 10, of the Streets and Highways Code of the State of California.

9. Neither the Authority nor any member agency thereof will obligate itself to advance available funds from its or their own funds or otherwise to cure any deficiency which may occur in the bond redemption fund. The determination not to obligate itself shall not prevent the Authority or any such member agency from, in its sole discretion, so advancing funds.

10. The amount of any surplus remaining in the improvement fund after payment of the Fees, acquisition of the Improvements and payment of all claims shall be distributed in accordance with the provisions of Section 10427.1 of the Streets and Highways Code.

11. To the extent any Fees are paid to the Authority in cash with respect to property within the proposed Assessment District prior to the date of issuance of the bonds, the amounts so paid shall be reimbursed from the proceeds of the bonds to the property owner or developer that made the payment.

[End of Form of Resolution of Intention]

[Attachment Exhibit A – description of development impact fees and public capital improvements. This exhibit will be prepared by Developer’s Engineer, subject to SCIP review]
FORM OF ACQUISITION AGREEMENT

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM

ACQUISITION AGREEMENT

BY AND BETWEEN
CITY OF STOCKTON

AND
[DEVELOPER]

Dates as of ____________, 20___
ACQUISITION AGREEMENT

Recitals

A. The parties to this Acquisition Agreement (the “Agreement”) are the CITY OF STOCKTON, (the “Local Agency”), and [DEVELOPER], a [here indicate type of legal entity] (the “Developer”).

B. The effective date of this Agreement is ______________, 20____.

C. The Developer has applied for financing of certain public capital improvements (the “Acquisition Improvements”) and capital facilities fees through the Statewide Community Infrastructure Program (“SCIP”) administered by the California Statewide Communities Development Authority (the “Authority”) and such application has been approved by the Local Agency.

D. Under SCIP, the Authority intends to issue bonds to fund, among other things, all or a portion of the costs of the Acquisition Improvements, and the portion of the proceeds of such bonds allocable to the cost of the Acquisition Improvements to be constructed and installed by the Developer, together with interest earned thereon prior to such acquisition, is referred to herein as the “Available Amount.”

E. SCIP will provide financing for the acquisition by the Local Agency of the Acquisition Improvements and the payment of the Acquisition Price (as defined herein) of the Acquisition Improvements from the Available Amount. Attached hereto as Exhibit A are descriptions of the Acquisition Improvements, which descriptions are subject to modification by written amendment of this Agreement, subject to the approval of the Authority.

F. The parties anticipate that, upon completion of the Acquisition Improvements and subject to the terms and conditions of this Agreement, the Local Agency will acquire such completed Acquisition Improvements with the Available Amount.

G. Any and all monetary obligations of the Local Agency arising out of this Agreement are the special and limited obligations of the Local Agency payable only from the Available Amount, and no other funds whatsoever of the Local Agency shall be obligated therefor.

H. In consideration of Recitals A through G, inclusive, and the mutual covenants, undertakings, and obligations set forth below, the Local Agency and the Developer agree as stated below.

Agreement

ARTICLE I

DEFINITIONS; ASSESSMENT DISTRICT FORMATION AND FINANCING PLAN

Section 1.01. Definitions. As used herein, the following capitalized terms shall have the meaning ascribed to them below:
“Acceptable Title” means free and clear of all monetary liens, encumbrances, assessments, whether any such item is recorded or unrecorded, and taxes, except those items which are reasonably determined by the Local Agency Engineer in his sole discretion not to interfere with the intended use and therefore are not required to be cleared from the title.

“Acquisition Improvements” shall have the meaning assigned to such term in Recital C and are described in Exhibit A.

“Acquisition Price” means the amount paid to the Developer upon acquisition of all of the Acquisition Improvements as provided in Section 2.03.

“Actual Cost” means the cost of construction of all of the Acquisition Improvements, as documented by the Developer to the satisfaction of the Local Agency, as certified by the Local Agency Engineer in an Actual Cost Certificate.

“Actual Cost Certificate” shall mean a certificate prepared by the Developer detailing the Actual Cost of all of the Acquisition Improvements to be acquired hereunder, as revised by the Local Agency Engineer pursuant to Section 2.03.

“Agreement” means this Acquisition Agreement, dated as of ___________, 20____.

“Assessment District” means the assessment district established by the Authority pursuant to SCIP which includes the Developer’s property for which the Acquisition Improvements are being funded.

“Authority” means the California Statement Communities Development Authority.

“Available Amount” means the amount of funds deposited in the Developer Acquisition Account by the Authority pursuant to SCIP, together with any interest earnings thereon.


“Developer” means [Developer], a [here indicate type of legal entity].

“[Developer] Acquisition Account” means the account by that name established by the Authority pursuant to SCIP for the purpose of paying the Acquisition Price of the Acquisition Improvements.

“Local Agency” means the City of Stockton.

“Local Agency Engineer” means the Director of Public Works of the Local Agency (the “Director”) or the designee of the Director, who will be responsible for administering the acquisition of the Acquisition Improvements hereunder.

“Project” means the land development program of the Developer pertaining to the Developer’s property in the Assessment District, including the design and construction of the
EXHIBIT 2

Acquisition Improvements and the other public and private improvements to be constructed by the Developer within or adjacent to the Assessment District.

“SCIP” means the Statewide Community Infrastructure Program of the Authority.

“SCIP Requisition” means a requisition for payment of funds from the [Developer] Acquisition Account in the substantially the form attached hereto as Exhibit B.

“SCIP Trust Agreement” means the Trust Agreement entered into by the Authority and the SCIP Trustee in connection with the financing for the Acquisition Improvements.

“SCIP Trustee” means Wells Fargo Bank, National Association, as trustee under the SCIP Trust Agreement.

“Title Documents” means, for each Acquisition Improvement acquired hereunder, a grant deed or similar instrument necessary to transfer title to any real property or interests therein (including easements) necessary or convenient to the operation, maintenance, rehabilitation and improvement by the Local Agency of that Acquisition Improvement (including, if necessary, easements for ingress and egress) and a Bill of Sale or similar instrument evidencing transfer of title to that Acquisition Improvement (other than said real property interests) to the Local Agency, where applicable.

Section 1.02. Participation in SCIP. Developer has applied for financing through SCIP of the Acquisition Improvements, and such application has been approved by the Local Agency. Developer and Local Agency agree that until and unless such financing is completed by the Authority and the Available Amount is deposited in the Developer Acquisition Account, neither the Developer nor Local Agency shall have any obligations under this agreement. Developer agrees to cooperate with the Local Agency and the Authority in the completion of SCIP financing for the Acquisition Improvements.

Section 1.03. Deposit and Use of Available Amount.

(a) Upon completion of the SCIP financing, the Available Amount will be deposited by the Authority in the [Developer] Acquisition Account

(b) The Authority will cause the SCIP Trustee to establish and maintain the [Developer] Acquisition Account for the purpose of holding all funds for the Acquisition Improvements. All earnings on amounts in the [Developer] Acquisition Account shall remain in the [Developer] Acquisition Account for use as provided herein and pursuant to SCIP. The amounts in the [Developer] Acquisition Account shall be withdrawn by the Local Agency in accordance with SCIP procedures upon completion of the Acquisition Improvements within 30 days (or as soon thereafter as reasonably practicable) of receipt by the Local Agency of the certification of the Local Agency Engineer required by Section 2.03 of this Agreement, and subject to satisfaction of all other conditions precedent to such acquisition pursuant to Section 2.04 of this Agreement, to pay the Acquisition Price of such completed Acquisition Improvements, as specified in Article II hereof. Upon completion of all of the Acquisition Improvements and the payment of all costs thereof; any remaining funds in the [Developer] Acquisition Account (less any amount determined by the Local Agency as necessary to reserve
for claims against such account) (i) shall be applied to pay the costs of any additional improvements eligible for acquisition with respect to the Project as approved by the Authority and, to the extent not so used, (ii) shall be applied by the Authority as provided in Section 10427.1 of the Code to pay a portion of the assessments levied on the Project property in the Assessment District.

Section 1.04. No Local Agency Liability; Local Agency Discretion; No Effect on Other Agreements. In no event shall any actual or alleged act by the Local Agency or any actual or alleged omission or failure to act by the Local Agency with respect to SCIP subject the Local Agency to monetary liability therefore. Further, nothing in this Agreement shall be construed as affecting the Developer’s or the Local Agency’s duty to perform their respective obligations under any other agreements, public improvement standards, land use regulations or subdivision requirements related to the Project, which obligations are and shall remain independent of the Developer’s and the Local Agency’s rights and obligations under this Agreement.

ARTICLE II

DESIGN, CONSTRUCTION AND ACQUISITION OF ACQUISITION IMPROVEMENTS

Section 2.01. Letting and Administering Design Contracts. The parties presently anticipate that the Developer has awarded and administered or will award and administer engineering design contracts for the Acquisition Improvements to be acquired from Developer. All eligible expenditures of the Developer for design engineering and related costs in connection with the Acquisition Improvements (whether as an advance to the Local Agency or directly to the design consultant) shall be reimbursed at the time of acquisition of such Acquisition Improvements. The Developer shall be entitled to reimbursement for any design costs of the Acquisition Improvements only out of the Acquisition Price as provided in Section 2.03 and shall not be entitled to any payment for design costs independent of or prior to the acquisition of Acquisition Improvements.

Section 2.02. Letting and Administration of Construction Contracts. State law requires that all Acquisition Improvements shall be constructed as if they were constructed under the direction and supervision of the Local Agency. In order to assure compliance with those provisions, except for any contracts entered into prior to the date hereof, Developer agrees to comply with the guidelines of the Local Agency for letting and administering said contracts. The Developer agrees that all such contracts shall call for payment of prevailing wages as required by the Labor Code of the State of California.

Section 2.03. Sale of Acquisition Improvements. The Developer agrees to sell to the Local Agency the Acquisition Improvements to be constructed by Developer (including any rights-of-way or other easements necessary for the operation and maintenance of the Acquisition Improvements, to the extent not already publicly owned) when such Acquisition Improvements are completed to the satisfaction of the Local Agency for an amount not to exceed the lesser of (i) the Available Amount or (ii) the Actual Cost of the Acquisition Improvements. Exhibit A, attached hereto and incorporated herein, contains a list of each Acquisition Improvement. At the time of completion of each Acquisition Improvement, the Developer shall deliver to the Local Agency Engineer a written request for acquisition, accompanied by an Actual Cost Certificate and executed Title Documents for the transfer of the Acquisition Improvement, where necessary.
In the event that the Local Agency Engineer finds that the supporting paperwork submitted by the Developer fails to demonstrate the required relationship between the subject Actual Cost and the related Acquisition Improvement, the Local Agency Engineer shall advise the Developer that the determination of the Actual Cost (or the ineligible portion thereof) has been disallowed and shall request further documentation from the Developer. If such further documentation is still not adequate, the Local Agency Engineer may revise the Actual Cost Certificate to delete any disallowed items, and such determination shall be final and conclusive.

In the event that the Actual Cost is in excess of the Available Amount, the Local Agency shall withdraw the Available Amount from the [Developer] Acquisition Account and transfer said amount to the Developer. In the event that the Actual Cost is less than the Available Amount, the Local Agency shall withdraw an amount from the [Developer] Acquisition Account equal to the Actual Cost, and shall transfer said amount to the Developer. Any amounts then remaining in the [Developer] Acquisition Account shall be applied as provided in Section 1.03.

In no event shall the Local Agency be required to pay the Developer more than the amount on deposit in the [Developer] Acquisition Account at the time such payment is requested.

Section 2.04. Conditions Precedent to Payment of Acquisition Price. Payment by the Local Agency to the Developer from the [Developer] Acquisition Account of the Acquisition Price for an Acquisition Improvement shall be conditions first upon the determination of the Local Agency Engineer, pursuant to Section 2.03, that such Acquisition Improvement is all complete and ready for acceptance by the Local Agency, and shall be further conditions upon prior satisfaction of the following additional conditions precedent;

(a) The Developer shall have provided the Local Agency with lien releases or other similar documentation satisfactory to the Local Agency as evidence that the property which is subject to the special assessment liens of the Assessment District is not subject to any prospective mechanics lien claim respecting the Acquisition Improvements.

(b) The Developer shall be current in the payment of all due and payable property taxes and installments for the special assessments of the Assessment District on property owned by the Developer or under option to the Developer.

(c) The Developer shall certify that it is not in default with respect to any loan secured by any interest in the property.

(d) The Developer shall have provided the Local Agency with Title Documents needed to provide the Local Agency with title to the site, right-of-way, or easement upon which the subject Acquisition Improvements are situated. All such Title Documents shall be in a form acceptable to the Local Agency (or applicable governmental agency) and shall convey Acceptable Title. The Developer shall provide a policy of title insurance as of the date of transfer in a form acceptable to the Local Agency Engineer insuring the Local Agency as to the interests acquired in connection with the acquisitions of any interest for which such a policy of title insurance is not required by another agreement between the Local Agency and the Developer. Each title insurance policy required hereunder shall be in the amount equal to or greater than the Acquisition Price.
Section 2.05. **SCIP Requisition.** Upon a determination by the Local Agency Engineer to pay the Acquisition Price of the Acquisition Improvements pursuant to Section 2.04, the Local Agency Engineer shall cause a SCIP Requisition to be submitted to the SCIP Trustee and the SCIP Trustee shall make payment directly to the Developer of such amount pursuant to the SCIP Trust Agreement. The Local Agency and the Developer acknowledge and agree that the SCIP Trustee shall make payment strictly in accordance with the SCIP Requisition and shall not be required to determine whether or not the Acquisition Improvements have been completed or what the Actual Costs may be with respect to such Acquisition Improvements. The SCIP Trustee shall be entitled to rely on the SCIP Requisition on its face without any further duty of investigation.

ARTICLE III

MISCELLANEOUS

Section 3.01. **Indemnification and Hold Harmless.** The Developer hereby assumes the defense of, and indemnifies and saves harmless the Local Agency, the Authority, and each of its respective officers, directors, employees and agents, from and against all actions, damages, claims, losses or expenses of every type and description to which they may be subjected or put, by reason of, or resulting from or alleged to have resulted from the acts or omissions of the Developer or its agents and employees in the performance of this Agreement, or arising out of any contract for the design, engineering and construction of the Acquisition Improvements or arising out of any alleged misstatements of fact or alleged omission of a material fact made by the Developer, its officers, directors, employees or agents to the Authority’s underwriter, financial advisor, appraiser, district engineer or bond counsel or regarding the Developer, its proposed developments, its property ownership and its contractual arrangements contained in the official statement relating to the SCIP financing (provided that the Developer shall have been furnished a copy of such official statement and shall not have objected thereto); and provided, further, that nothing in this Section 3.01 shall limit in any manner the Local Agency’s rights against any of the Developer’s architects, engineers, contractors or other consultants. Except as set forth in this Section 3.01, no provision of this Agreement shall in any way limit the extent of the responsibility of the Developer for payment of damages resulting from the operations of the Developer, its agents and employees. Nothing in this Section 3.01 shall be understood or construed to mean that the Developer agrees to indemnify the Local Agency, the Authority or any of its respective officers, directors, employees or agents, for any negligent or wrongful acts or omissions to act of the Local Agency, Authority its officers, directors, employees, agents or any consultants or contractors.

Section 3.02. **Audit.** The Local Agency shall have the rights, during normal business hours and upon the giving of ten days’ written notice to the Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer (for which the Developer seek reimbursement) in constructing the Acquisition Improvements.

Section 3.03. **Cooperation.** The Local Agency and the Developer agree to cooperate with respect to the completion of the SCIP financing for the Acquisition Improvements. The
Local Agency and the Developer agree to meet in good faith to resolve any differences on future matters which are not specifically covered by this Agreement.

Section 3.04. General Standard of Reasonableness. Any provision of this Agreement which requires the consent, approval and acceptance of either party hereto or any of their respective employees, officers or agents shall be deemed to require that such consent, approval or acceptance not be unreasonably withheld or delayed, unless such provision expressly incorporates a different standard. The foregoing provision shall not apply to provisions in the Agreement which provide for decisions to be in the sole discretion of the party making the decision.

Section 3.05. Third Party Beneficiaries. The Authority and its officers, employees, agents or any consultants or contractors are expressly deemed third party beneficiaries of this Agreement with respect to the provisions of Section 3.01. It is expressly agreed that, except for the Authority with respect to the provisions of Section 3.01, there are no third party beneficiaries of this Agreement, including without limitations any owners of bonds, any of the Local Agency’s or the Developer’s contractors for the Acquisition Improvements and any of the Local Agency’s, the Authority’s or the Developer’s agents and employees.

Section 3.06. Conflict of Other Agreements. Nothing contained herein shall be construed as releasing the Developer or the Local Agency from any condition of development or requirement imposed by any other agreement between the Local Agency and the Developer, and, in the event of a conflicting provision, such other agreements shall prevail unless such conflicting provision is specifically waived or modified in writing by the Local Agency and the Developer.

Section 3.07. Notices. All invoices for payment, reports, other communication and notices relating to this Agreement shall be mailed to:

If to the Local Agency:

City of Stockton  
22 E. Weber Avenue, Room 301  
Stockton, CA 95202  
Attn: Public Works Director

If to the Developer:

[Developer]  
[Address]

Either party may change its address by giving notice in writing to the other party.

Section 3.08. Severability. If any party of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent reasonably possible.
Section 3.09. **Governing Law.** This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California.

Section 3.10. **Waiver.** Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party’s right to insist and demand strict compliance by the other party with the terms of this Agreement.

Section 3.11. **Singular and Plural; Gender.** As used herein, the singular of any word includes the plural, and terms in the masculine gender shall include the feminine.

Section 3.12. **Counterparts.** This Agreement may be executed in counterparts each of which shall be deemed an original.

Section 3.13. **Successors and Assigns.** This Agreement is binding upon the heirs, assigns and successors-in-interest of the parties hereto. The Developer may not assign its rights or obligations hereunder, except to successors-in-interest to the property within the District, without the prior written consent of the Local Agency.

Section 3.14. **Remedies in General.** It is acknowledged by the parties that the Local Agency would not have entered into this Agreement if it were to be liable in damages under or with respect to this Agreement or the application thereof, other than for the payment to the Developer of any (i) moneys owing to the Developer hereunder, or (ii) moneys paid by the Developer pursuant to the provisions hereof which are misappropriated or improperly obtained, withheld or applied by the Local Agency.

In general, each of the parties hereto may pursue any remedy at law or equity available for the breach of any provision of this Agreement, except that the Local Agency shall not be liable in damages to the Developer, or to any assignee or transferee of the Developer other than for the payments to the Developer specified in the preceding paragraph. Subject to the foregoing, the Developer covenants not to sue for or claim any damages for any alleged breach of, or dispute which arises out of, this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year written above.

CITY OF STOCKTON, a municipal corporation

By:________________________

City Manager

ATTEST:
City Clerk

By:________________________

[DEVELOPER], a [indicate type of legal entity]
EXHIBIT A to the Acquisition Agreement

DESCRIPTION OF ACQUISITION IMPROVEMENTS AND BUDGETED AMOUNTS

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EXHIBIT B to the Acquisition Agreement

FORM OF SCIP REQUISITION

To: Bond Logistix LLC  
SCIP Program Administrator  
777 S. Figueroa St., Suite 3200  
Los Angeles, California 90017  
Attention: Daniel Chang  
Fax: 213-612-2499

Re: Statewide Community Infrastructure Program

The undersigned, a duly authorized officer of the CITY OF STOCKTON, hereby requests a withdrawal from the [DEVELOPER] ACQUISITION ACCOUNT, as follows:

Request Date: [Insert Date of Request]

Name of Developer: [Developer]

Withdrawal Amount: [Insert Acquisition Price]

Acquisition Improvement: [Insert Description of Acquisition Improvement(s) from Ex A]

Payment Instructions: [Insert Wire Instructions or Payment Address for Developer]

The undersigned hereby certifies as follows:

1. The Withdrawal is being made in accordance with a permitted use of such monies pursuant to the Acquisition Agreement, and the Withdrawal is not being made for the purpose of reinvestment.

2. None of the items for which payment is requested have been reimbursed previously from other sources of funds.

3. If the Withdrawal is greater than the funds held in the [Developer] Acquisition Account, the SCIP Program Administrator is authorized to amend the amount required to be equal to the amount of such funds.
4. To the extent the Withdrawal is being made prior to the date bonds have been issued on behalf of SCIP, this withdrawal from serves as the declaration of official intent of the CITY OF STOCKTON, pursuant to Treasury Regulations 1.150-2, to reimburse with respect expenditures made from the Developer Acquisition Account listed above in the amount listed above.

CITY OF STOCKTON

By: __________________________

Title: __________________________
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM

“SCIP”

MANUAL OF PROCEDURES

Version 2.1

[Last Revised February 2013]
STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM
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Executive Summary

Introduction

Capitalized terms used in this Manual have the meanings given under the tab, “Glossary of Terms.”

The Statewide Community Infrastructure Program (“SCIP”) is a program of the California Statewide Communities Development Authority (the “Authority”). The Authority is a joint powers authority sponsored by the League of California Cities (the “League of Cities”) and the California State Association of Counties (“CSAC”). Membership in the Authority is open to every California city and county, and most are already members. If your city or county is not yet a member, the necessary membership materials can be obtained by contacting the Authority (see “Contact Information” preceding this Executive Summary).

SCIP financing is available for development projects (“Projects”) situated within cities or counties which have elected to become SCIP participants (each, a “Local Agency”). Eligibility to become a Local Agency requires only (a) membership in the League of Cities or CSAC, as the case may be, (b) membership in the Authority, and (c) adoption of a resolution making the election (the “SCIP Resolution”).

Participation in SCIP entails the submission of an application (an “Application”) by the property owner (the “Applicant”) of a Project for which development entitlements either have been obtained or are being obtained from a Local Agency. For Projects determined to be qualified, SCIP provides non-recourse financing of either (a) eligible development impact fees payable to the Local Agency (the “Fees”) or (b) eligible public capital improvements (the “Improvements”) or both. Under certain circumstances, to be determined on a case by case basis, development impact fees payable to local agencies other than the Local Agency can be financed.

Applicants benefit from SCIP because it allows them to obtain low-cost, long-term financing of Fees and Improvements, which can otherwise entail substantial cash outlays. The Local Agencies benefit from SCIP because it encourages developers to pay Fees sooner and in larger blocks than they otherwise would. The availability of low-cost, long-term financing also softens the burden of rising Fee amounts and Improvement costs, benefiting both the Applicants and the Local Agencies.

General Structure of SCIP

In general terms, this is how SCIP works. Upon receipt of a completed Application, including the Landowner Information Form (with attachments), the SCIP team reviews it to determine (a) eligibility of the Fees and Improvements for which the Applicant seeks financing and (b) creditworthiness of the Applicant and the Project. Once approved by the SCIP team, the Application is countersigned by the Local Agency. Approved Applications are aggregated for inclusion in the next round of financing. Periodically, as
warranted by the accumulation of approved Applications, the Authority issues tax-exempt revenue bonds (the “Bonds”). The proceeds from the Bonds are used to finance Fees and/or Improvements for qualifying Projects located throughout the state. For projects involving a sufficient amount of financing (generally $5 million or more) a special series of bonds may be issued to fund the project separately if the timing of issuance of a pooled financing does not suit the project, subject to approval of the Authority.

Revenues to pay debt service on the Bonds are derived by the Authority in one of two ways – namely (1) through the levy of special assessments on the parcels which comprise the participating Projects by establishing one or more assessment districts (each, an “Assessment District”) pursuant to the Municipal Improvement Act of 1913 (the “Assessment Act”) or (2) through the levy of special taxes on the Project parcels by establishing a community facilities district (a “CFD”) pursuant to the Mello-Roos Community Facilities Act of 1982 (the “CFD Act”). Absent circumstances which warrant a CFD, the Assessment District format has been and is expected to continue to be the customary format for SCIP financing.

This Manual is generally devoted to the Assessment District format, though many of the topics covered apply to the CFD format as well. Considerations which are specific to the CFD format are not covered and will need to be discussed among the participants for any given proposed use of that format.

Assessment District Format

Under the Assessment District format, the Authority will levy assessments on the Project parcels in each Assessment District, with a separate Assessment District for each county in which Projects are situated. The assessments will be payable in annual installments (“Assessment Installments”) billed and collected on the applicable county property tax roll, and the Assessment Installments will be calculated to be sufficient to pay annual debt service on the Bonds, together with certain administrative costs of SCIP.

The assessment payment obligation is non-recourse to the property owner and follows the parcel upon change of ownership. As with a conventional assessment district, the property owner retains the right to pay off the assessment at any time and thereby discharge the lien which secures payment of the Assessment Installments.

A major advantage of SCIP for Local Agencies is that the Authority handles all of the proceedings for the formation of the Assessment Districts, levy of the assessments, issuance of the Bonds and administration of the Assessment Installment collection and enforcement. Furthermore, the proceeds of sale of the Bonds are administered by a trustee bank (the “Trustee”) until requisitioned by the Local Agency to pay Fees or to acquire completed Improvements, as the case may be.

The duties of staff of Local Agencies are correspondingly reduced and relate primarily to making developers aware of the availability of the SCIP program, making application forms available to interested developers, confirming the status of Projects for which
Applications have been submitted, confirming the Fee and Improvement obligations for qualified Projects, determining when Improvements are completed and therefore ready for acquisition, and submitting requests to the Trustee for disbursement of SCIP funds to pay Fees and to acquire completed Improvements for Projects which have been funded. In addition, when Improvements are financed, the Local Agency will be required to enter into an “Acquisition Agreement” with the Applicant to provide the terms and conditions governing the acquisition of completed Improvements.

When an Application seeks financing of impact fees payable to local agencies other than the Local Agency, staff of the Local Agency, together with the Applicant, will usually need to serve as liaison to the other local agency to establish eligibility of such impact fees for SCIP financing and to establish procedures for monitoring investment earnings on the Fees until expended for purposes authorized by the applicable Fee Statute.

CFD Format

For larger-scale Projects with planned phasing of the Project and the related Improvements, the CFD format may be more suitable, given the added flexibility of the special tax calculated annually to reflect the development status of each taxable parcel, as opposed to the more rigid fixed lien assessment of the Assessment District format, and the related flexibility of phasing the financing through multiple series of bonds to match the phases of Project development and Improvements. Any determination to utilize the CFD format will be made on a case by case basis, in consultation among the SCIP team, the Local Agency and the Applicant. Projects financed with the CFD format are not pooled with projects financed with the Assessment format.

Financing Eligible Impact Fees

To be eligible for SCIP financing, Fees must meet three conditions – namely, (1) they must be payable as conditions of development approval for the Project or otherwise provide special benefit to the Project, (2) they must not have been paid to the fee recipient prior to submission of the completed Application and issuance by the Program Administrator of a Declaration of Official Intent to Reimburse, and (3) proceeds of the fees must be expended for public improvements which themselves would be eligible for SCIP financing, though the public improvements need not be related to or required for the Project.

Within SCIP, there are two programs for funding eligible Fees, and either or both may be applicable for a given Project. The two programs are (1) the Fee Reimbursement Program and (2) the Fee Prefunding Program.

Under the Fee Reimbursement Program, payment of the Fees by the Applicant precedes the issuance of the Bonds, usually in connection with obtaining a building permit; provided that, as indicated in the foregoing paragraph, the Fees must not be paid prior to issuance by the Program Administrator of a Declaration of Official Intent to Reimburse. As soon as the fees are paid to the Local Agency, the Local Agency pays those moneys to SCIP for deposit in the Local Agency Account. That money is immediately available for
requisition by the Local Agency to make authorized fee expenditures. But by holding and investing the money until it is spent, the Authority is able to monitor the investment earnings (which accrue to the Local Agency) for federal tax law arbitrage purposes. SCIP encourages the Local Agency to spend those amounts as quickly as possible, and before any other fee revenues of the Local Agency. Once the proceeds of sale of the Bonds are available, the Applicant applies for reimbursement of the amount of eligible Fees which have been paid. If the fees are paid by the property owner and bonds are never issued, or for any reason reimbursement is not made, the fees are returned to the Local Agency by SCIP. In this way, the Local Agency is never at risk for the receipt of the Fees.

Under the Fee Prefunding Program, the Fees are funded from bond proceeds prior to the Applicant having to pay them. For arbitrage rebate purposes, SCIP will invest and hold the bond proceeds representing the fees. Again, those moneys are immediately available for requisition by the Local Agency to make authorized fee expenditures. Thus the full amount of Fees funded is immediately available to the Local Agency, irrespective of whether any portion of such Fees has yet become payable with respect to the Project. The advantage to the Applicant is that it never has to pay out of pocket any portion of the Fees, and the advantage to the Local Agency is that the full amount of Fees funded is immediately available to spend on qualified public improvements without waiting for any portion of the prefunded Fees to become due from the Applicant.

Financing Eligible Improvements

To be eligible for SCIP financing, Improvements must meet three conditions – namely, (1) they must be required as conditions of development approval for the Project or otherwise provide special benefit to the Project, (2) they must not have been accepted by and the ownership of them already transferred to the Local Agency or other local agency prior to submission of the completed Application and (3) they must be the kinds of public improvements authorized to be financed under the Assessment Act. In practice, most of the public improvements which are required as conditions of Project approvals are eligible under the Assessment Act (e.g., roads, street lights, landscaping, storm drains, water and sewer facilities, and parks).

As mentioned above, the Authority will require that an Acquisition Agreement be entered into between the Local Agency and the Applicant to provide the terms and conditions governing the acquisition of completed Improvements. The Acquisition Agreement is drafted by the SCIP team, using a form of agreement approved by the Local Agency as part of its SCIP Resolution, as modified to suit the particular circumstances and local Agency requirements.

Conclusion

The information and materials which follow in this Manual are intended to assist interested persons in further understanding SCIP and how it might be utilized to finance Fees and Improvements associated with a given Project. As indicated above in this Executive Summary, the focus in this Manual is on the Assessment District format.
Upon request of an Applicant who may have a preference for the CFD format, the SCIP team will review the Applicant’s Project and determine, in consultation with the Applicant and the Applicant’s consultants, whether the CFD format will be suitable.

Interested parties are invited to contact one or more of the persons listed in “Contact Information” preceding this Executive Summary with questions or requests for clarification.
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Glossary of Terms

Appendices A through V, Inclusive
Local Agency Participation in SCIP

1.01 Eligibility

Any California city, county or city and county (a “Local Agency”) may participate in SCIP if it meets the following requirements:

(a) The Local Agency must be or must become a member in good standing of the Authority prior to or concurrently with joining SCIP.

(b) The Local Agency must have in place a development fee program pursuant to a Fee Statute (for fee financing) and/or desire to allow the financing of Improvements for eligible Projects.

(c) Upon joining SCIP and upon submitting any Application, the Local Agency must be a member in good standing of the League of California Cities or the California State Association of Counties, as appropriate.

1.02 SCIP Resolution

To participate in SCIP, the Local Agency must adopt a SCIP Resolution in substantially the form attached in Appendix G and must send a certified copy of such resolution to the Program Administrator. The Resolution must remain in full force and effect so long as the Local Agency wishes to participate in SCIP. A sample staff report and form of Notice of Hearing are also included in Appendix G.

1.03 Withdrawal from SCIP

Any Local Agency may elect to withdraw from SCIP at any time by repealing the SCIP Resolution; provided, that such repeal shall not be effective as to any completed Application duly filed with the Program Administrator and not yet funded, without the consent of the Applicant. Upon withdrawal from SCIP, the Local Agency shall send a certified copy of the withdrawal resolution to the Program Administrator.
II General Eligibility Requirements

2.01 General
The following criteria determine threshold eligibility for SCIP financing. Each Application is also subject to review for certain underwriting criteria, as described in Article III.

2.02 Eligible Impact Fees
In order to be eligible for financing under SCIP, impact fees must meet the following criteria:

(a) Fees must be levied under a Fee Statute.

(b) Fees must be collected by a Local Agency and levied by either the Local Agency or another governmental entity as a condition of new development or otherwise provide special benefit to the Project as determined by the Assessment Engineer and be payable at time of (i) granting of entitlements, (ii) issuance of a building permit, (iii) connection to a utility system, or (iv) issuance of a certificate of occupancy.

(c) Fees must only be for the payment of Capital Costs of improvements to be owned by the Local Agency or another governmental entity.

(d) Improvements to be funded with the fees must be improvements that could be financed under the Assessment Act.

(e) With respect to fees which are to be financed under the Fee Reimbursement Program, a completed Application must have been submitted and a Declaration of Official Intent to Reimburse issued by the Program Administrator with respect to such fees either prior to or concurrently with payment of such fees by or on behalf of the Property Owner.

2.03 Eligible Improvements
In order to be eligible for financing under SCIP, public capital improvements must meet the following criteria:

(a) The public capital improvements must be required as a condition of the development project which is the subject of the Application or otherwise provide special benefit to the Project as determined by the Assessment Engineer.
(b) The public capital improvements must be authorized under the Assessment Act.

(c) The public capital improvements must not have been completed and ownership transferred to the Local Agency or another governmental entity prior to submission of a completed Application and issuance, by the Program Administrator, of a Declaration of Official Intent to Reimburse pertaining thereto.

2.04 Eligible Property Owners

In order to apply for participation in SCIP, a Property Owner must meet the following criteria:

(a) The Property Owner must be a natural person, partnership, limited liability company, or corporation in good standing holding, or with a contractual right to acquire, fee simple title in the proposed Assessed Parcel(s).

(b) If property is held as community property, tenants in common, or joint tenants, the Application must be signed by all owners or their authorized representative(s).

(c) The Property Owner may not be any governmental or quasi-governmental entity; provided that on a case by case basis the Authority may approve participation by Projects that are in governmental ownership but intended to be sold to private parties after completion of Improvements and/or funding of fees.

(d) The Property Owner may not be the subject of any bankruptcy proceeding.

2.05 Eligible Property

In order for property to be eligible for SCIP, it must meet the following criteria:

(a) The property must consist of one or more parcels each of which must be a legal parcel in compliance with the Subdivision Map Act.

(b) The property must be within the boundaries of the Local Agency approving the Application.

(c) The property must not be subject to any judgment lien, mechanics lien, or tax lien (other than for taxes levied but not yet due).
### Application Process & Review

#### 3.01 Application

An Applicant who wishes to finance either Eligible Impact Fees or Eligible Improvements (or both) must complete and submit a SCIP Application and a Landowner Information Form (samples of the forms are attached as Appendix A).* The Applicant must submit the completed Application with all attachments and Landowner Information Form (together, the “Application”) to the Program Administrator, along with payment of the application fee as provided in Section 3.02 below. The Program Administrator will confer with Authority staff and if the Application is approved, the Program Administrator will coordinate with the Local Agency to have the Local Agency review and countersign the Application and will issue the Declaration of Official Intent to Reimburse.

The Local Agency shall have no responsibility for determining the sufficiency of the Application except to verify (i) the accuracy of the amounts and categories of the Eligible Impact Fees and the items of Eligible Improvements and related estimated costs, as set forth in the Application, and (ii) that the Project approvals and entitlements described in the Application have been granted by the Local Agency.

* Applicants may also apply on-line at http://www.cacommunities.org (follow “Statewide Community Infrastructure Program (SCIP)” hyperlink).

#### 3.02 Application Fees

In order to apply for SCIP, Applicants must pay an application fee ($1,500 as of February 2013). The Application Fee may be adjusted from time to time by the Authority and the current fees are available upon request. The application fee must be included with the Application, with the check made payable to “Statewide Community Infrastructure Program,” and is non-refundable. Application fees will be deposited by the Program Administrator in the fund or account established for the payment of Program Administration Costs.

#### 3.03 Application Review and Underwriting Criteria.

Completed Applications will be reviewed by SCIP Counsel and the SCIP Underwriter in accordance with the SCIP Timetable for the applicable Program Series. An Application can be approved, disapproved, or approved for partial funding.

In addition to demonstrating that all criteria are met for Eligible Impact Fees, if any, Eligible Improvements, if any, eligible Property Owners and eligible property, the Application shall demonstrate the following:

(a) Compliance with the California Environmental Quality Act must be established for the Project.

(b) If the Application seeks participation in the Fee Reimbursement Program, the Applicant must be aware that at the time it applies for
reimbursement of Fees paid, a copy of each building permit obtained upon payment of the related Fees will be required.

If the Application seeks participation in the Fee Prefunding Program, all discretionary entitlements must be in place, i.e. there must be an approved vesting tentative subdivision map (if the Project involves a major subdivision under the Subdivision Map Act), and/or conditional use permit (if required for the Project), including improvements design plans, as applicable. In addition, the Applicant must provide evidence that all other discretionary permits, such as Army Corps of Engineers Section 404 permits, Fish and Game permits, and Fish and Wildlife permits and any other required permits for the development of the Project have been obtained.

(c) The Application must be submitted by the Property Owner (developers, contractors or other persons who are not Property Owners may not submit Applications unless they are signed by the Property Owner).

(d) Applications should be accompanied by a copy of the most recent property tax bill, if available. The Applicant must certify that it has not been more than 30 days delinquent in the payment of any assessment or special tax securing a bond within the last 5 years.

(e) If there are any fixed lien assessments on any Assessed Parcel at the time the Application is submitted or if any such assessments are levied at any time prior to the adoption of the Resolution Confirming Assessment, either (i) the prepayment cost of such fixed lien assessments will be added to the Assessment and SCIP will prepay such prior assessments on behalf of the Property Owner or (ii) the Property Owner will prepay such assessments in cash no later than the date fixed by the Assessment Administrator.

(f) Each Assessed Parcel must have a minimum Assessed Value or Appraised Value of at least 3 times the total Assessment. In most cases, the SCIP Underwriter will require an Appraisal by a certified MAI appraiser chosen by the SCIP Underwriter and approved by the Authority, using a bulk sale “as is” valuation, including the value of the Eligible Impact Fees and Eligible Improvements being financed. All Appraisal costs must be paid by the Applicant in advance to the Program Administrator and are non-refundable.

(g) The Property Owner must not be the subject of any bankruptcy proceeding and must not have been adjudged bankrupt within the last 5 years.

(h) The Authority, on recommendation from the SCIP Underwriter and SCIP Counsel, reserves the right to reject any Application if it believes, in its sole discretion, that the Assessed Parcel(s), the Project or the Property Owner poses undue credit risks. Each Applicant must authorize the Program Administrator to obtain a copy of a credit report from one or
more nationally recognized credit reporting agencies, and may be required to provide copies of banking statements and/or tax returns.

(i) If the Project will include the funding of Improvements, the Applicant may be required to pay costs of preparation of the Engineer’s Report in advance as determined by the Authority and any such payments shall be non-refundable.

3.04 Approval, Partial Approval and Rejection of Applications

The Program Administrator will advise each Applicant of the status of the Application in accordance with the SCIP Timetable for the applicable Program Series. A sample SCIP Timetable is attached as Appendix H. Applications may either be (i) approved in full, (ii) approved for partial funding or (iii) rejected.

(a) If an Application is approved in full, the Program Administrator will arrange for the applied-for reimbursement to the Property Owner (to the extent of the Impact Fee Reimbursement Program) and the applied-for funding (to the extent of the Impact Fee Prefunding Program) of all Eligible Impact Fees and the applied-for funding of the estimated cost and expense of Eligible Improvements upon the issuance of the applicable Program Series.

(b) If an Application is approved for partial funding, the Program Administrator will send the Applicant a notice indicating the amount of funding which has been approved and the reason(s) for partial funding. The Applicant may either (i) accept partial funding or (ii) opt out of the SCIP program.

(c) If an Application is rejected, the Program Administrator will send a notice of rejection to the Applicant. Any application fees or other charges paid in connection with the Application are non-refundable.

If an approved Application includes Eligible Improvements, SCIP Counsel will initiate the preparation of an Acquisition Agreement substantially in the form attached to the SCIP Resolution of the Local Agency. See Appendix G for the form of SCIP Resolution, to which the form of Acquisition Agreement is attached as Exhibit B. SCIP Counsel will coordinate with the Assessment Engineer to obtain the description and estimated costs pertaining to the Eligible Improvements (Exhibit A to the Acquisition Agreement) and will coordinate with the Applicant and the Local Agency to approve and execute the final form of the Acquisition Agreement.
IV Assessment Proceedings

4.01 Local Agency Requirements

Once the Local Agency has adopted a SCIP Resolution, normally it will not be necessary for the City Council or the Board of Supervisors of the Local Agency, as the case may be, to take any further action. Designated staff of the Local Agency will need to (a) review the Application to perform the verification described in 3.01 above, followed by execution of the Application, (b) coordinate review, finalization and execution on behalf of the Local Agency of the Acquisition Agreement when Eligible Improvements are being financed, (c) monitor progress and completion of construction of Eligible Improvements for purposes of submitting reimbursement requisitions pursuant to the Acquisition Agreement, if any, (d) sign a closing certificate in substantially the form of Appendix N (upon the issuance of each applicable Program Series) and (e) administer the requisition process for disbursement of those Eligible Impact Fees which have been financed by the applicable Program Series.

It may be necessary due to special circumstances or changes in law or in the SCIP procedures for the Local Agency to take some further action to facilitate financing of Eligible Impact Fees and/or Improvements. In such case, all documentation and proceedings will be prepared by SCIP Counsel at no cost to the Local Agency and will be forwarded to the Local Agency for review and approval. For the Impact Fee Prefunding Program, it is possible that further information will be needed from Local Agencies beyond the information in the Application, and by adopting its SCIP Resolution, the Local Agency agrees to cooperate with the Program Administrator, SCIP Underwriter, SCIP Counsel and Assessment Engineer with respect to developing such additional information.

4.02 Property Owner Requirements

Upon satisfaction of the Application requirements of Article III, each Applicant will be sent an Assessment Ballot in substantially the form attached hereto as Appendix B and a Consent and Waiver in substantially the form attached hereto as Appendix C, accompanied by a copy of the preliminary Engineer’s Report showing (a) the Eligible Impact Fees, Eligible Improvements and related program costs being financed and (b) the amount of the Assessment being imposed on each of the Applicant’s Assessed Parcels. The Assessment Ballot must be marked “Approve” and executed by the Property Owner and the Consent and Waiver must be executed by the Property Owner and returned to the Program Administrator by the deadline indicated in the transmittal letter. Failure to properly complete or return either of these documents will result in the rejection of the Application.

4.03 Assessment Proceedings – General

All proceedings for the establishment of Assessment Districts and the issuance of Local Obligations and Bonds will be conducted by the Authority. Assessment proceedings are
conducted by the Authority in full compliance with the requirements of Article XIIID of the California Constitution (Proposition 2018). Upon determining which Applications have satisfied the requirements of Article III for a Program Series, the Authority will commence the proceedings to establish the Assessment Districts. For each Program Series, the Authority will create a separate Assessment District within each county containing at least one Project being financed by such Program Series. All Projects within a given county will be included in that Assessment District.

4.04 Engineer’s Reports

For each Assessment District, the Assessment Engineer will prepare an Engineer’s Report containing the items required by Section 10204 of the Assessment Act. The Engineer’s Report must be signed by a California registered professional engineer and must be filed with the Authority.

4.05 Assessment Amount

The Assessment for each Assessed Parcel will be calculated as set forth in the Engineer’s Report as the sum of the following amounts:

(a) Total Eligible Impact Fees financed for such Assessed Parcel; plus
(b) Benefit Share of Estimated Cost and Expense of Eligible Improvements for the Project of which the Assessed Parcel is a part; plus
(c) Pro-Rata Share of Costs of Issuance; plus
(d) Pro-Rata Share of Reserve Requirement; plus
(e) Pro-Rata Share of Capitalized Interest, if any; plus
(f) Prior assessment liens, if any.

Prior to the mailing of the Notice of Hearing and the Assessment Ballot (see Section 4.06(c) below) the Assessment Engineer will determine the not-to-exceed Assessment amount, which will be included in the Assessment Ballot. The actual amount of the Assessment will ultimately be less than or equal to the Assessment amount shown in the ballot.

4.06 Sequence of Events

Assessment Proceedings will consist of the following legal actions to be taken by the Authority and the Program Administrator, in accordance with the SCIP Timetable for such Program Series:

(a) Adoption of resolution of intention in substantially the form shown in Appendix I.

(b) Adoption of resolution preliminarily approving Engineer’s Report and calling public hearing in substantially the form shown in Appendix J.

(c) Mail the Notice of Hearing to each Property Owner at the address shown on the most recent equalized assessment roll of the County or as
otherwise known to the Assessment Engineer, in substantially the form attached as Appendix K. The Notice of Hearing will include a transmittal letter, the Assessment Ballot, the Consent and Waiver and a copy of the applicable preliminary Engineer’s Report.

(d) Assessment Ballots and Consents and Waivers must be returned to the Program Administrator no later than the deadline identified in the transmittal letter.

(e) No earlier than 45 days after mailing of the notices, the Authority will conduct a joint public hearing for all Assessment Districts in the Program Series. Any Property Owner, Local Agency representative or member of the general public will be given the opportunity to testify at the hearing. Any Property Owner may withdraw their Assessment Ballot and Consent and Waiver at the hearing, and in such event, the Property Owner will not be included in the Assessment District and the Program Series.

(f) At the conclusion of the hearing, the Authority will customarily adopt the following Resolutions:

   (i) Resolution Confirming Assessment in substantially the form attached as Appendix D.

   (ii) Local Obligation Resolution in substantially the form attached as Appendix E.

   (iii) Revenue Bond Resolution in substantially the form attached as Appendix F. (See Article V – Bonds.)

However, in some circumstances the Authority may need to defer adoption of the Local Obligation Resolution and the Revenue Bond Resolution to a later date, in which case the resolutions will be considered at such time as circumstances permit. For example, the condition of the municipal bond market in general may warrant deferral of these actions until a later time.

(g) Within approximately 5 days after the hearing and adoption of the above resolutions, the Assessment Engineer will record the assessment diagram and a notice of assessment against each Assessed Parcel in substantially the form attached as Appendix L and will publish a notice of recording of assessment in newspapers of general circulation within each County containing an Assessment District in substantially the form attached as Appendix M.

(h) The statute of limitations to challenge any Assessment runs 30 days after the levy of the Assessment, which is the date on which the Resolution Confirming Assessment is adopted.
(i) In the event the Authority determines to refinance any Program Series, such refinancing shall not have any effect on the Local Obligations or the Assessment Installments levied for such Program Series.
V Bonds

5.01 Financing Structure
Funding of SCIP will be accomplished through a two-step process involving first, the issuance of the Local Obligations under the Assessment Bond Act and second, the issuance by the Authority of Bonds under the Revenue Bond Act. The Bonds for each Program Series will be secured by the Local Obligations issued for all Assessment Districts in the Program Series. By using this approach, the Authority will be pooling all of the Assessments into a blended security which will provide benefits through diversification of credit risk as well as economies of scale. The Local Obligations will be registered in the name of the SCIP Trustee and held as security for the Revenue Bonds. Assessment Installment payments will be applied to the payment of debt service on the Local Obligations, which will in turn be applied by the SCIP Trustee, as holder of the Local Obligations, to the payment of debt service on the Bonds.

5.02 Bond Documents
The Authority will approve a set of Bond Documents for each Program Series. Copies of the draft Bond Documents for each Program Series will be made available for review by any Local Agency or Applicant participating in the Program Series at least 15 days prior to the adoption thereof by the Authority; provided, that the Authority reserves the right to modify such Bond Documents thereafter.

5.03 Local Agency Closing Certificate
Each Local Agency which has Assessments in its jurisdiction for a Program Series will be required to execute and deliver to the Authority a closing certificate, dated as of the Closing Date, in substantially the form attached hereto as Appendix N.

5.04 Arbitrage Rebate
As set forth in Appendix O, the Program Administrator will provide all required arbitrage rebate and yield restriction reporting services with respect to the Bonds, including preparing the necessary Internal Revenue Service (“IRS”) documentation and instructing the SCIP Trustee to make any required arbitrage rebate or yield reduction payments to the IRS.

5.05 Continuing Disclosure
As set forth in Appendix P, the Program Administrator will provide the services necessary to ensure that the Authority will meet its continuing disclosure obligation with respect to the Bonds.
5.06 Refunding Dividend Program

The Authority reserves the right to refinance the Bonds for any Program Series if the Authority determines in its sole discretion that market conditions will allow the Authority to achieve significant savings from such refinancing after payment of all costs of issuance as determined by the Authority. Local Agencies may be asked to provide certain certifications or agreements in connection with such refunding. Subject to applicable federal tax limitations, all net savings generated from a refunding shall be monetized in the refunding and each Local Agency will receive a pro rata credit for such savings in the appropriate SCIP Trustee account, and such credited amount may be withdrawn by the Local Agency to pay Capital Costs as provided in Article VI. Because all savings are monetized and paid out to Local Agencies (subject to applicable federal tax limitations), no refunding will result in a reduction of any Assessment or Assessment Installment.
VI Funds Management & Administration

6.01 Deposits to SCIP
Payments from the Local Agency to SCIP of Fees paid to it by the Applicants to be reimbursed, and Bond proceeds received by SCIP for prefunded Fees or for acquisition of Improvements, will be deposited with the SCIP Trustee into the Custody Account. The Custody Account will contain a subaccount for each separate Local Agency. That subaccount is known as the “Local Agency Account.” Each Local Agency Account will contain separate Fee Accounts (e.g., water, sewer, roadway, etc.) into which moneys allocable to the Local Agency’s Fees will be deposited, as described in Section 6.03 and 6.04, below.

6.02 Access to SCIP Funds
Each Local Agency will access its Local Agency Account by submitting a disbursement request to the Program Administrator for Capital Costs. Disbursement requests should be submitted no earlier than the time of payment by the Local Agency for the Capital Costs. The form of disbursement request is as set forth in Appendix Q. All disbursement requests shall be forwarded either by facsimile or e-mail to the Program Administrator. Upon receipt of a disbursement request, the Program Administrator will instruct the SCIP Trustee to disburse the requested funds in accordance with the instructions provided by the Local Agency. For disbursements by wire, each Local Agency will provide the Program Administrator with contact information for the appropriate financial institution, including wire instructions. Disbursements generally will occur within two business days of receipt of a completed disbursement request.

6.03 Account Statements
The Program Administrator will provide each Local Agency with statements identifying the balance in its Local Agency Account and the portion thereof which is allocable to each Fee Account therein (e.g., water, sewer, roadway, etc.), the current market value of its Local Agency Account, interest earnings credited and accrued during the statement period, current investment holdings and cash flow activity. Such statements may be provided monthly or quarterly at the election of the Local Agency.

6.04 Fee Account Allocation
The Program Administrator will record the allocation of funds held for each Local Agency to each Fee Account based on directions provided by each Local Agency upon entering SCIP.

6.05 Management of SCIP Funds
Funds held in SCIP accounts, including Local Agency Accounts, will be invested appropriately at the direction of the Program Administrator. Investment instructions provided to the SCIP Trustee by the Program Administrator will at all times conform with SCIP’s investment policy as set forth in Appendix R. Investment earnings will be
credited to each SCIP Account and subaccount therein for the benefit of the respective Local Agencies.

6.06 Rejected Applications

Any Applicant whose application for Fee reimbursement is rejected will be notified by the Program Administrator that the Fee reimbursement applied for is not eligible for reimbursement. When an application is rejected, the Fees transferred to SCIP by the Local Agency, if any, held in the applicable Local Agency Account, will be returned to the Local Agency and the Local Agency will be responsible for accounting for such funds in the appropriate capital accounts established for the Local Agency’s fee programs. Property Owners shall not be entitled to any refund of Fee payments or costs paid in connection with any rejected Application other than as approved by the Local Agency.

6.07 SCIP Record Retention Policy

The Program Administrator will maintain SCIP accounting records on site for not less than 2 years after a Local Agency closes its Local Agency Account and not less than 3 years thereafter at an appropriate off-site location.

6.08 Inspection of SCIP Accounting Records

The Program Administrator will comply with reasonable requests of the Local Agencies to inspect SCIP accounting records during normal business hours and, upon the request of a Local Agency, will provide a Local Agency with a statement of the Local Agency Account.
VII Collection of Assessments

7.01 Annual Posting
For each Assessment District, the Assessment Administrator will annually transmit to each County, no later than the County’s deadline, the auditor’s record required by Section 8682 of the Assessment Bond Act for posting on the tax roll. The Assessment Installments will appear on the property tax bill mailed by the County to each Property Owner as a separate line item in substantially the following form: “CSCDA SCIP Assessment District No. [20__-__] – $_____”

7.02 Administrative Cost Assessment
Pursuant to Section 10204(f) of the Assessment Act, the Authority will annually levy an additional assessment to defray the costs of collection and administration of the assessments and the Local Obligations which are not otherwise reimbursed in an amount not to exceed 5% of the Assessment Installment for such year. Such amounts will be applied by the Authority to pay Program Administration Costs and a full accounting will be provided each year upon request to any Local Agency or Property Owner participating in a Program Series. In addition, each County will add up to $8 per parcel to each semi-annual Assessment Installment pursuant the Assessment Bond Act as an administrative charge to defray the County’s costs of collecting assessments on the tax roll.

7.03 Payment of Assessment Collections to Authority
Each County will pay the Assessment Installments (net of the County’s administrative charge) collected each year to the Authority and the Authority will immediately deposit such funds as follows:

(a) Amounts representing Program Administration Costs will be deposited in the Program Administration Fund established by the Program Administrator.

(b) Amounts representing principal and interest installments of the Assessments will be transferred to the SCIP Trustee for deposit in the Revenue Fund held under the Trust Agreements for the appropriate Program Series.

7.04 Interest Earnings on Funds and Accounts and Assessment Credits

(a) Program Administration Fund. Earnings on amounts held in the Program Administration Fund will be retained in such fund and applied as a credit against Program Administration Costs.

(b) Local Agency Accounts. Earnings on amounts in each Local Agency Account shall be retained in each Local Agency Account and will be available for withdrawal by the Local Agency as provided in Section 6.02.
(c) **Revenue Fund.** Earnings on amounts in the Revenue Fund for each Program Series held by the SCIP Trustee under each Trust Agreement shall be retained in such Revenue Fund and applied as a credit on the annual Assessment Installments in the next succeeding fiscal year, except:

(i) In the case of Refunding Bonds issued pursuant to the Refunding Dividend Program, such earnings may be applied to pay debt service on the Refunding Bonds in the event that prepayments of Assessments require such earnings to be applied to maintain cash-flow balance between the revenue from the Local Obligations and the debt service payments on the Refunding Bonds;

(ii) To the extent the portion of the Assessment Installments actually collected by the Authority for Program Administration Costs together with the amounts available in the Program Administration Fund is less than the Program Administration Costs, such earnings may be transferred to the Authority for deposit in the Program Administration Fund to pay Program Administration Costs; and

(iii) Notwithstanding the above, to the extent amounts are required to be deposited in the Rebate Fund to pay arbitrage rebate with respect to any Program Series, earnings on amounts in the Revenue Fund and any Local Agency Accounts in excess of the applicable bond yield (calculated pursuant to the Internal Revenue Code and the regulations issued thereunder) may be transferred to the Rebate Fund.

### 7.05 Prepayment of Assessments

Property Owners shall have the right at any time to prepay their Assessment in part or in full. Payoff quotes may be obtained from the Assessment Administrator. Payoff quotes will be calculated in accordance with the Assessment Bond Act, and assuming that the applicable Assessment is not then delinquent, the payoff quote shall include the unpaid principal amount of the Assessment, plus accrued interest at the rate of interest on the Local Obligations, plus a prepayment premium not to exceed 3% of the unpaid principal amount plus an administrative charge for the prepayment. In the event that the applicable Assessment is then delinquent, an additional amount will be payable with respect to reinstatement of such delinquencies. The Property Owner may be entitled to a credit for a proportionate share of any reserve fund. Payoff quotes and prepayments will require payment of administrative charges as established by the Assessment Administrator.
7.06 Delinquent Assessment Installments

The Assessment Administrator will monitor the payment of all Assessment Installments and will track any delinquencies in the payment of such Assessment Installments by Property Owners (regardless of the remittance of such installments to the Authority by any County pursuant to the provisions of Revenue & Taxation Code Sections 4717 and following (the so-called “Teeter Plan”)). In the event an Assessment Installment is not paid on or prior to December 10 or April 10 of any fiscal year, as the case may be, the Assessment Administrator will take the following steps and any additional steps as directed by the Authority:

(a) Within 90 days after the December 10 or April 10 due date of such Assessment Installment, the Assessment Administrator shall send a demand letter to the Property Owner in substantially the form set forth in Appendix S. An administrative fee for sending the letter will be charged. If the parcel goes to foreclosure it will be charged to the parcel; if the delinquency is paid before it is stripped from the roll, the fee will simply be an administrative expense of the Authority.

(b) If the Assessment Installment has not been paid, including any penalties, within 30 days of the date of the initial demand letter, the Assessment Administrator shall send a second letter by certified mail, in substantially the form set forth in Appendix T, indicating that (i) the Assessment Installment remains delinquent and (ii) the Authority will direct Foreclosure Counsel to commence foreclosure proceedings on the Assessed Parcel if payment is not received within 30 days of the receipt of the second letter.

(c) Concurrently with sending the second demand letter to the Property Owner, the Assessment Administrator shall determine whether there is a mortgage lien on the Assessed Parcel and, if so, shall send a demand letter by certified mail to the lender in substantially the form set forth in Appendix U.

(d) If the Assessment Installment is not paid within the period specified in the demand letters prescribed by the foregoing steps (b) and (c), then unless the property owner is in bankruptcy or on active military duty, the Assessment Administrator shall, after April 10 (in order to include both installments if both are delinquent), cause a Notice of Intent to Remove Delinquent Assessment Installment(s) from the Tax Roll to be recorded in the office of the appropriate County Recorder, pursuant to Section 8833(a)(1) of the Assessment Bond Act, and then proceed to cause the delinquent installments to be stripped from the County tax roll and submit the delinquent installment information to Foreclosure Counsel (with a copy to the SCIP Underwriter, the Program Administrator and SCIP Counsel) to commence and prosecute, to the fullest extent permitted by law, Superior Court judicial foreclosure proceedings against
the Assessed Parcel in accordance with the Assessment Bond Act and the Local Obligation Resolution.

(e) Upon notification by the Assessment Administrator and receipt from the Assessment Administrator and SCIP Counsel of the information required for the foreclosure complaint, Foreclosure Counsel may contact the property owner and lender in an additional attempt to collect the stripped assessment installments, penalties, interest, and all costs and expenses, but will, prior to any applicable deadline, take all steps necessary to prepare and file a complaint for judicial foreclosure of the lien of the Assessment and will diligently prosecute such action to judgment and a sheriff’s sale.

(f) Once step (b) of this Section has been reached, the Property Owner shall be required to pay the fees and expenses of the Assessment Administrator and Foreclosure Counsel incurred with respect to the Assessed Parcel, in addition to any delinquent Assessment Installment, penalties and interest assessed by the applicable County, in order to bring the Assessed Parcel current. In addition, if step (b) of this Section has been reached with respect to any Property Owner, such Property Owner will be barred from further participation in SCIP absent a specific waiver approved by the Legislative Body.

7.07 Tenders of Bonds Not Permitted

All of the Local Obligations will be held by the SCIP Trustee for the benefit of the holders of the Bonds. Although Section 8688 of the Assessment Bond Act allows owners of property within assessment districts to tender bonds issued under the Assessment Bond Act for payment of assessment installments, the Bonds are not issued under the Assessment Bond Act and Property Owners who may hold Bonds will not be permitted to tender such Bonds in the payment of Assessment Installments.
VIII Property Owner Information

8.01 Balance and Payoff Information
The Assessment Administrator will maintain a database of information with respect to each Assessed Parcel which will allow the Property Owner or any other interested person to obtain either a current balance or a payoff quote for the Assessment on such parcel. The Assessment Administrator will be permitted to charge a reasonable fee for providing such information as provided in the current schedule of fees of the Assessment Administrator on file with the Program Administrator.

8.02 Disclosure of Assessment
Each Property Owner shall comply with the requirements of applicable law with respect to the disclosure of the Assessment to any purchaser of an Assessed Parcel. The form of disclosure notice to subsequent purchasers is attached as Appendix V. For a reasonable fee in accordance with the schedule of fees maintained by the Assessment Administrator, the Assessment Administrator will supply a completed notice for any individual Assessed Parcel upon request.

8.03 Billing Questions
The Assessment Administrator will maintain a toll free telephone number to respond to inquiries from Property Owners concerning billing of Assessment Installments.
IX Miscellaneous

9.01 Use of this Manual
This Manual is intended to provide guidance to Local Agencies, Applicants, Property Owners and SCIP consultants in the implementation of SCIP’s programs. It is not intended to supersede or replace the legal documents which are used in the SCIP programs. In case of any inconsistency between the provisions of this Manual and such legal documents, the legal documents will control. Capitalized terms used in this Manual have the meanings given under the tab, “Glossary of Terms.”

9.02 Contact Information
The contact information for SCIP is provided at the beginning of this Manual. Any notice or other correspondence must be sent by first-class mail to the addresses listed and any communication by facsimile or e-mail will not be considered effective unless a copy is also sent by first class mail.

9.03 Limited Liability
In no event will any Local Agency or any of its officers, employees or agents be liable for the payment of Assessments, Assessment Installments, Program Administration Costs, Costs of Issuance or any other fees or expenses in connection with SCIP. Neither the Authority nor any of its members, officers, employees or agents will be liable for the payment of Assessments, Assessment Installments, Program Administration Costs, Costs of Issuance or any other fees or expenses in connection with SCIP except from the Assessment Installments or other funds and accounts established pursuant to SCIP.

9.04 Legal Representation
SCIP Counsel will represent only the Authority in connection with the SCIP program and shall not be deemed to have an attorney-client relationship with any Local Agency, Applicant or other participant or party in connection with SCIP or any Program Series. By participating in SCIP, each Local Agency, Applicant or other participant or party agrees that there is no conflict of interest with respect to any other relationship with SCIP Counsel on other matters and, to the extent such conflict is deemed to exist, waives the conflict.

9.05 Interpretation
This Manual is intended to be an operating guide for SCIP, to be used by the Authority, the program consultants and Local Agency participants in implementing and administering SCIP. Interpretation of this Manual will be controlled by the Program Administrator in consultation with SCIP Counsel, subject to final approval by the Legislative Body, whose determinations shall be final and conclusive.
9.06 Revisions to this Manual

SCIP is an ongoing program, and from time to time the Authority may determine that revisions are required to SCIP and this Manual for the purpose of improving the program in the interests of the Authority, the Local Agencies and other parties. This Manual will be updated and revised from time to time as approved by the Legislative Body and revised editions will be posted on the Authority’s website at http://www.cacommunities.org (follow “Statewide Community Infrastructure Program (SCIP)” hyperlink).
Glossary of Terms

Capitalized terms used in this Manual have the meanings given below, unless the context requires otherwise.

**Acquisition Agreement** means the agreement between the Local Agency and the Applicant, in substantially the form attached as Exhibit A to the SCIP Resolution, the form of which is attached hereto as Appendix G, and providing the terms and conditions upon which the Applicant will be reimbursed all or a portion of the cost and expense of Eligible Improvements completed by the Applicant, all as more fully provided by and subject to the limitations set forth in the agreement.

**Applicant** means a person who applies for financing of Eligible Impact Fees and/or Eligible Improvements through SCIP.

**Application** means a completed application for financing of Eligible Impact Fees and/or Eligible Improvements, submitted by a Property Owner to the Program Administrator. The two forms which must be completed and submitted, together with applicable attachments, to constitute a completed Application, are entitled “SCIP Application” and “SCIP Landowner Information Form,” respectively, and are set forth in Appendix A.

**Appraisal** means an appraisal of one or more Assessed Parcels prepared by an independent professional appraiser who is a Member of the Appraisal Institute (MAI), and is selected by the Authority from an approved list on file with the Authority.

**Appraised Value** means the market value of an Assessed Parcel as shown in an Appraisal.

**Assessed Parcel** means a parcel of land subject to or proposed to be subject to an Assessment. Each Assessed Parcel must be a legal parcel in compliance with the Subdivision Map Act. Individual condominium units in a condominium project will be deemed legal parcels for this purpose once a separate Assessor’s Parcel Number has been assigned to each condominium unit in the condominium project by the County Assessor for the County in which the condominium project is located.

**Assessed Value** means the assessed value (land and improvements) of an Assessed Parcel as shown on the most recent equalized assessment roll (including any supplemental roll) of the County in which the Assessed Parcel is located.

**Assessment** means a special assessment levied by the Authority on property pursuant to the Assessment Act.

**Assessment Act** means the Municipal Improvement Act of 1913, being Division 12 of the Streets & Highways Code of the State.

**Assessment Administrator** means Willdan Financial Services or any successor firm appointed by the Authority as the Assessment Administrator for SCIP.

**Assessment Ballot** means a Property Owner assessment ballot with respect to a proposed Assessment in substantially the form set forth in Appendix B.

**Assessment Bond Act** means the Improvement Bond Act of 1915, being Division 10 of the Streets & Highways Code of the State.

**Assessment District** means an assessment district formed by the Authority pursuant to the Assessment Act for the purpose of financing Eligible Impact Fees and/or Eligible Improvements through the issuance of Local Obligations.
**Assessment Engineer** means Willdan Financial Services or any successor firm appointed by the Authority as the Assessment Engineer for SCIP.

**Assessment Installment** means an annual installment payable with respect to an unpaid Assessment and consisting of principal, interest and administrative charges.

**Authority** means the California Statewide Communities Development Authority, a joint exercise of powers authority duly established pursuant to the laws of the State.

**Bond Documents** means, with respect to each Program Series, the Revenue Bond Resolution, Trust Agreement, Local Obligation Resolution, Bond Purchase Agreement, Continuing Disclosure Agreement, Preliminary and final Official Statement, Escrow Agreement (in the case of refundings), and any and all other documents deemed necessary by SCIP Counsel to the authorization, sale and issuance of Bonds.

**Bonds** means bonds issued by the Authority for SCIP under the Revenue Bond Act, the proceeds of sale of which are applied to the purchase of the Local Obligations of the applicable Program Series.

**Capital Costs** means costs properly chargeable to a capital account pursuant to generally accepted accounting principles incurred for either (1) public capital improvements legally payable from Eligible Impact Fees or (2) Eligible Improvements.

**Closing Date** means the date on which the Bonds for a Program Series are initially delivered to the SCIP Underwriter.

**Consent and Waiver** means a consent and waiver of a Property Owner in substantially the form set forth in Appendix C.

**Costs of Issuance** means, with respect to each Program Series, all costs of issuing the Bonds and the Local Obligations, including without limitation costs of appraisals, engineer’s reports, apportionment fees, absorption studies, credit enhancement (such as bond insurance), rating agency fees, underwriter’s discount, legal fees and expenses, Authority fees and expenses, trustee fees and expenses, printing, publication, document reproduction, filing and recording costs and any other cost related to the issuance of the Bonds or the Local Obligations. Costs of issuance may also include an amount calculated by the Authority as the amount necessary to pay Program Administration Costs through the first full fiscal year of each Program Series.

**Custody Account** means the account established by the SCIP Trustee pursuant to the Trust Agreement for each Program Series and into which is deposited that portion of the proceeds of sale of the Bonds for such Program Series representing (1) Eligible Impact Fees financed under the Fee Prefunding Program and (2) amounts financed on account of Eligible Improvements.

**Declaration of Official Intent to Reimburse** means the written statement of the Program Administrator, following receipt of a completed Application, declaring the intention to reimburse expenditures made by or on behalf of a Property Owner with respect to Eligible Impact Fees or Eligible Improvements prior to issuance of Bonds of the applicable Program Series.

**Eligible Impact Fee** means a fee levied or collected by a Local Agency pursuant to a Fee Statute and otherwise meeting the requirements of Section 2.02.

**Eligible Improvement** means a public capital improvement authorized by the Assessment Act, together with authorized incidental expenses associated therewith, and otherwise meeting the requirements of Section 2.02.
Engineer’s Report means the report prepared by the Assessment Engineer for each Assessment District, which shall contain the information required by Section 10204 of the Assessment Act and shall be signed by a California registered professional engineer.

Fee Account means the separate account for each category of Eligible Impact Fees established by the SCIP Trustee for each Local Agency pursuant to Article VI.

Fee Prefunding Program means that component of SCIP pertaining to the financing of Eligible Fees on behalf of an Applicant, with payment being made directly to the Local Agency or other governmental entity to which the Eligible Fees are payable.

Fee Reimbursement Program means that component of SCIP pertaining to the financing of Eligible Fees which have been paid by an Applicant prior to the Closing Date of the Bonds of a given Program Series.

Fee Statute means the Mitigation Fee Act (California Government Code Sections 66000 and following) or any other State law or local legislation imposing fees on new development to pay for the Capital Costs of public capital improvements.

Foreclosure Counsel means Sherman & Feller, A Law Corporation, or any other attorney or firm of attorneys designated from time to time by the Legislative Body to act as counsel to the Authority in prosecuting foreclosure actions in connection with SCIP.

Legislative Body means the commission of the Authority.

Local Agency means a city, county or city and county which is a member of the Authority and has an effective SCIP Resolution in place.

Local Agency Account means the subaccount established by the SCIP Trustee within the Custody Account, as described in Section 6.01.

Local Obligation Resolution means a resolution of the Authority in substantially the form set forth in Appendix E.

Local Obligations means limited obligation improvement bonds issued by the Authority under the Assessment Bond Act for SCIP and pledged as security for Bonds of a given Program Series.

Program Administration Costs means all costs of administering each Program Series, including fees and expenses of the Program Administrator, Assessment Administrator, SCIP Counsel, Foreclosure Counsel and any other costs or expenses of administering each Program Series.

Program Administration Fund means the fund established by the SCIP Trustee for the payment of Program Administration Costs.

Program Administrator means Bond Logistix LLC, or any successor firm appointed by the Authority as the Program Administrator for SCIP.

Program Series means an individual series of Bonds to be issued to fund an Application or a group of Applications, as shall be determined by the Authority, or a series of Bonds issued to refund any Program Series.

Project means a development project being undertaken by an Applicant within a Local Agency which has been conditioned upon either (a) payment of impact fees or (b) construction and installation of public capital improvements or both and for which an Application for SCIP financing of Eligible Impact Fees and/or Eligible Improvements has been submitted by an Applicant.

Property Owner means the legal owner(s) of property subject to an Assessment or for which an Application has been filed.
**Pro-Rata Share** means a percentage determined by dividing the amount of the assessment for an Assessed Parcel by the total amount of assessment being financed in the applicable Program Series.

**Rebate Fund** means the fund by that name established by the SCIP Trustee for each Program Series for the purposes of holding amounts payable to the United States Treasury pursuant to the requirements of Section 148 of the Internal Revenue Code and the regulations issued thereunder.

**Refunding Bonds** means Bonds issued pursuant to the Refunding Dividend Program.

**Refunding Dividend Program** is the SCIP program described in Section 5.06.

**Reserve Requirement** means, with respect to the Bonds issued for any Program Series, the amount required to be maintained in the Reserve Account within the Revenue Fund for such Program Series. The Reserve Requirement will normally be equal to the maximum annual debt service on the Bonds for the Program Series; however the Authority may determine to establish a lower Reserve Requirement for any Program Series if feasible.

**Resolution Confirming Assessment** means a resolution of the Authority in substantially the form set forth in Appendix D.

**Revenue Bond Act** means Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State.

**Revenue Bond Resolution** means a resolution of the Authority in substantially the form set forth in Appendix F.

**Revenue Fund** means the fund by that name established by the SCIP Trustee under each Trust Agreement for a Program Series, including the following subaccounts: the Interest Account, the Principal Account and the Reserve Account.

**SCIP** means the Authority’s development impact fee and public capital improvement financing program known as the “Statewide Community Infrastructure Program.”

**SCIP Counsel** means Orrick, Herrington & Sutcliffe LLP, or such other attorney or firm of attorneys who are nationally recognized bond counsel selected and appointed by the Authority.

**SCIP Resolution** means a resolution of the governing body of a Local Agency in substantially the form attached as Appendix G.

**SCIP Timetable** means the time schedule for each Program Series as approved by the Authority. A sample SCIP Timetable is provided in Appendix H and a specific SCIP Timetable will be established by the Authority, in consultation with the SCIP Underwriter, for each Program Series.

**SCIP Trustee** means Wells Fargo Bank, National Association, or any successor appointed by the Authority as Trustee for SCIP.

**SCIP Underwriter** means RBC Capital Markets or any successor firm(s) appointed by the Authority as the underwriter(s) for SCIP.

**State** means the State of California.

**Subdivision Map Act** means the provisions of Division 2 of Title 7 of the Government Code of the State, commencing at Section 66410.

**Trust Agreement** means a trust agreement, indenture, or similar instrument which secures and provides the terms for issuance and administration of a given Program Series.
CITY OF STOCKTON CONTACTS FOR THE SCIP PROGRAM

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