



CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

Physical Address:
801 Capitol Mall, 2nd Floor
Sacramento, CA 95814

Mailing Address:
P.O. Box 942809
Sacramento, CA 94209
p (916) 654-5610
f (916) 657-4821
cpcfa@treasurer.ca.gov

MEMBERS

FIONA MA, CHAIR
State Treasurer

BETTY T. YEE
State Controller

KEELY MARTIN BOSLER
Director of Finance

EXECUTIVE DIRECTOR
Reneé Webster-Hawkins

MEMORANDUM

To: Interested Parties of the CPCFA Bond Program

From: Reneé Webster-Hawkins, Executive Director

Date: August 26, 2019

Re: **Requirements and Timing for Applications for Tax-Exempt Financing and Allocation**

The California Pollution Control Financing Authority (CPCFA) is committed to provide exceptional service to businesses and financing teams throughout the process of tax-exempt private activity bond financings for exempt facilities. Due to a recent collaborative effort between the California Debt Limit Allocation Committee (CDLAC) and CPCFA, the award of 2018 carryforward and 2019 state volume cap allocation has been given to CPCFA to award to exempt facility applicants, thus restoring the CPCFA One-Stop Financing Shop. We expect this partnership to continue in future years.

As the issuer, CPCFA will apply to CDLAC for an award of allocation in November of the preceding year for the next calendar year. As such, CPCFA will send out an informal email to stakeholders requesting them to determine a prospective pipeline for allocation needed for the next calendar year. CPCFA will then request an allocation amount from CDLAC based on the feedback received from said stakeholders based on each anticipated pipeline.

This memo is intended to state the required, essential components of an application for tax-exempt financing and volume cap allocation, and recommend the best timing for submission of applications, for Borrowers to successfully obtain financing approval and allocation from CPCFA. Per the agreement between CPCFA and CDLAC, CPCFA must adhere to the CDLAC requirements when approving the issuance of allocation to each exempt facility project.

Initial Resolution

Project Sponsors, or Borrowers, seeking CPCFA-issued tax exempt bonds typically submit two applications for financing: the CPCFA Application for the Initial Resolution (IR); and the CDLAC Application for Final Resolutions (FR) for financing and allocation for new tax-exempt funding. Please note that – even for Borrowers who do not need an IR in advance of financing to defray project-related, pre-closing expenditures – each application needs to include an approved IR from CPCFA. (See CDLAC Regulation Section 5033.) The IR application may be submitted concurrently with the FR Application, however, it is preferred that it is received at least 15 days

Requirements and Timing for Applications for Tax-Exempt Financing and Allocation

August 26, 2019

Page 2

prior to CPCFA's posted FR Application deadline. On March 12, 2018, the Authority approved an IR resolution delegating its authority to the CPCFA Executive Director to approve completed Applications. The attached checklist includes guidance for Borrowers to ensure that an IR Application can be reviewed and approved by the Executive Director in time for an approved Initial Resolution to be included in an FR Application by CPCFA's posted deadline.

Deadlines for Applications

The following table summarizes the deadlines and key business processes of the two applications:

Application	Due Date	Comments
CPCFA IR Application	Can be submitted concurrently with CDLAC FR application. No later than fifteen (15) days prior to posted CPCFA FR Application Deadline	<ul style="list-style-type: none"> • Borrower submits the CPCFA IR Application to obtain an Initial Resolution, or inducement, for tax-exempt financing. • CPCFA Executive Director has delegated authority to approve an Initial Resolution on complete IR Applications. • Initial Resolutions are valid for three years. • The IR Application is not required for refundings. • Application (updated 3/17/2017) is on CPCFA website. • http://www.treasurer.ca.gov/cpcfatax_exempt.asp
CDLAC FR Application <u>For Final Resolution Approval and Allocation</u>	CDLAC Application due to CPCFA no later than 5pm on the date posted as CPCFA's Final Resolution Application Deadline	<ul style="list-style-type: none"> • The CDLAC application is the single vehicle for the Borrower to obtain a Final Resolution and final approval of new or refunding financing from CPCFA, including approval of preliminary offering memoranda, and to receive allocation on all new funding requests. • Application (EXF Revised 11-16-16) is on CDLAC website. • http://www.treasurer.ca.gov/cdlac/applications/exempt/index.asp • CPCFA submits the completed application for allocation to CDLAC on the Borrower's behalf and CPCFA can award allocation at the same time it approves the project's financing. • Applications submitted to CPCFA must be timely, complete, and in hard copy format with signatures, checks and all required exhibits included.

Required Elements of CDLAC Application

The CDLAC Application contains a comprehensive checklist of the required elements for an exempt facility application to be deemed complete. For CPCFA Borrowers, we have an annotated the checklist below to clarify what CPCFA needs by the respective due date, and in order to deem the application complete. The checklist includes items required by CDLAC and its regulations, as well as those required by CPCFA, in order for CPCFA to review and consider all requests for new or refunding financing, and for allocation for new funding.

✓	Document Description/ CDLAC Regulatory Citation	Attachment Name	CPCFA Clarification
	\$1200 initial filing fee made payable to CDLAC. (Section 5033(b)(2))	N/A	The check <u>must</u> be included in the application package. Not required for refundings.

Requirements and Timing for Applications for Tax-Exempt Financing and Allocation

August 26, 2019

Page 3

✓	Document Description/ CDLAC Regulatory Citation	Attachment Name	CPCFA Clarification
	Signed Deposit Certification Form (Section 5033(b)(1))	N/A	The performance deposit check <u>must</u> be included in the application package. Not required for refundings.
	Two (2) completed and signed application forms	N/A	Hard copies of the complete CDLAC Application with original signatures, filing fee, and performance deposit, are due to CPCFA prior to the deadline indicated above.
	Completed Financing Team Information	N/A	Each member must be identified at the time of the application. In addition, as a required member of each financing approved by CPCFA, a trustee must also be identified.
	Letter of Engagement between Bond Counsel and Borrower	N/A	Required at the time of application submittal.
	Letter of Engagement between Underwriter and Borrower	N/A	(If Applicable) Required at the time of application submittal.
	Financing Schedule	N/A	
	Adopted Inducement Resolution (Section 5033(b)(5))	A	The Borrower must submit an Initial Resolution issued by CPCFA within the past 3 years. Borrowers can concurrently apply to CPCFA for an Initial Resolution, however, it is preferred to have the IR application submitted to CPCFA within 15 days of the posted CPCFA FR application deadline.
	Evidence of TEFRA hearing (either adopted resolution or certification) (Section 5033(b)(6))	B	This is the <i>only</i> required element of the CDLAC Application which may be "pending" finalization at the time the application is submitted to CDLAC. If the resolution or certification is not yet complete, the application must include as Exhibit B a statement from bond counsel describing the plan and timeline to publicly notice and conduct the TEFRA hearing.
	Evidence of Credit Enhancement or Bond Purchase Commitment (Sections 5060-5066)	C	The application must include evidence of the plan to either privately place or publicly sell the proposed bonds, including credit rating with or without credit enhancement. The plan must adhere to CDLAC's requirements; include a commitment letter from a private purchaser, or Placement Agent Statement for public offering for letter-of-credit backed transactions; and follow the CPCFA Bond Issuance Guidelines. See http://www.treasurer.ca.gov/cpcfa/big.pdf .
	Evidence of leveraging (Section 5433)	D	Demonstrate that the proceeds of the taxable bonds and other means of financing, in addition to the cash equity required by the credit enhancer, will be used towards project expenses that are directly related to the acquisition, construction/rehabilitation, equipment

Requirements and Timing for Applications for Tax-Exempt Financing and Allocation

August 26, 2019

Page 4

✓	Document Description/ CDLAC Regulatory Citation	Attachment Name	CPCFA Clarification
			purchase/installment, or operation of the proposed Project.
	Description of proposed Project (per CDLAC application)	E	The description must include, for <u>each</u> project location: 1) the type of operation or processes that will be conducted at the proposed facility, 2) the end product or consumer services to be provided, 3) the number of acres to be acquired, 4) the amount of square footage to be constructed/renovated, 5) description of any new equipment or vehicles to be installed or purchased, 6) the communities to be served by the proposed facility, and 7) any other special feature of the proposed Project (i.e. new technology).
	Comparison of benefits created by tax-exempt vs. taxable financing (Section 5420)	F	Compare the tax-exempt financing with other means of financing available, demonstrating that there will be more public benefits as a result of tax-exempt bond financing.
	Evidence of CEQA documentation (Section 5421)	G	In addition to the requirements of CDLAC Regulation section 5421, the Project Sponsor must either provide: evidence of CEQA compliance for <u>each</u> project location; a Notice of Exemption for each project location; or a letter certifying why the location is not considered a "project" under CEQA. CPCFA will not approve financing for any Project location which requires new or amended CEQA compliance. See Health & Safety Code section 44561(b). This information <u>must</u> be received prior to the posting of the CPCFA Board meeting agenda at which the transaction is scheduled to be heard.
	Narrative of CEQA appeal (Section 5421)	G-1	If applicable.
	Evidence of permits and approvals documentation (Section 5422)	H	Prior to the posting of the CPCFA agenda upon which the transaction is scheduled to be heard, all applicable discretionary permits for <u>each</u> project location from any federal, state or local planning agencies having jurisdiction over the Project must be received. If the permits are not submitted with the FR application, the Financing Schedule must indicate the date they will be delivered to CPCFA. If no discretionary permits are required for the Project, submit a letter on Company letterhead and signed by the Project Sponsor which indicates that fact.
	Evidence of First Tier Business/Regulatory Mandate	I	See application instructions.

Requirements and Timing for Applications for Tax-Exempt Financing and Allocation

August 26, 2019

Page 5

✓	Document Description/ CDLAC Regulatory Citation	Attachment Name	CPCFA Clarification
	(Section 5440)		
	Evidence of public benefits (Section 5432)	J	See application instructions. Provide quantified benefits, as calculated or estimated in other project or financing planning documents.
	Evidence of local government support (Section 5434)	K	Provide a letter of support from the local regulatory or government agency for <u>each</u> project location.
	Legal Status of Applicant and Project Sponsor	L	See application instructions.
	Two (2) duplicate copies of the Application with Attachments [NOTE: Any subsequent mailings of additional application materials should be in <u>duplicate</u> .]	DUPLICATE	
	Application modifications		Any material changes to the project, financing, or other content of the application must be promptly transmitted to CPCFA via hard-copy. Material changes should include a request to change the public hearings at either CPCFA. <i>Please note that the nature and timing of material changes could change the date of the CPCFA Board meeting.</i>
	Bond documents		Bond counsel is responsible for initiating the circulation of bond documents to all parties for review and revision no later than forty-five (45) days prior to the scheduled CPCFA Board meeting. Bond counsel shall base all financings on CPCFA's Model Documents, unless given prior written permission to deviate from them, by the CPCFA Executive Director. Bond counsel is responsible for delivering to CPCFA staff a complete, substantially final set of bond documents no later than the Friday COB prior to the CPCFA Board meeting.

This memo is intended to supersede CPCFA Bond Program Notices posted January 18, 2018 and February 22, 2018, and June 6, 2018, all of which are now rescinded effective the date of this memo.

Should any questions arise, please feel free to contact me or the Bond Program Manager, Deanna Hamelin at 916-654-5610.