

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: January 28, 2009**

Request for Approval of Delegation of Authority to Executive Director

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Summary. Staff is requesting Board approval of a resolution authorizing delegation authority to the executive director and deputy executive director of CPCFA for certain routine matters with respect to the Authority’s bond program.

AB 1479, chaptered August 4, 2008, allows that, “The authority may, by resolution, delegate to one or more of its members, its executive director, or any other official or employee of the authority any powers and duties that it may deem proper, including, but not limited to, the power to enter into contracts on behalf of the authority.”

Background. From time to time borrowers participating in the Authority’s bond program seek Authority consent relating to amendments to the bond documents; removing or replacing participants or agents in the transaction, delivering alternate credit facilities; the sale, encumbrance or transfer of project assets; or a merger or dissolution involving the borrower. Many of the bond document provisions for these transactions require that the Authority *shall* consent as long as certain delineated conditions in the bond documents are met.

Currently, official Board approval is necessary for the Authority to give its consent to many of these transactions. In the interest of streamlining the processes necessary to facilitate these dealings for all parties to the transactions, several authorities including CPCFA obtained legislation allowing the authorities to delegate “*any powers and duties that it may deem proper*” to the executive director and deputy executive director. Before the legislation passed, the Attorney General’s Office had advised that the CPCFA Board did not have the power to delegate these routine matters to the executive director.

The purpose of this resolution is to define the various amendments for which the executive director and deputy executive director may give the Authority’s consent without obtaining approval of the Board. When consent or approval by the Authority is sought, the resolution delegates to the executive director (and deputy executive director upon the executive director’s written authorization or when the position of executive director is vacant) the power to perform the transactions listed below:

1. Sign and certify resolutions adopted by the Board.
2. Execute and deliver all bond documents previously or hereafter approved by the Board.
3. Execute, amend and deliver certain bond documents.
4. Appoint, consent to, approve, or remove same defined parties (e.g., trustees and paying agents, remarketing agents, etc.).
5. Approve or consent to the delivery of any substitute, alternate or replacement credit enhancement or liquidity facility.

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6. Approve or consent to the sale, encumbrance or other transfer of all or a portion of a project.
7. Approve or consent to a merger, dissolution, or the sale of substantially all assets by a participating party.
8. Carry out any ministerial actions contemplated by any bond documents.
9. Waive any provision of any bond documents that is expressly for the benefit of the Authority and has not been assigned by the Authority (e.g., deadlines for delivery of notices, certificates, reports and other items to the Authority).
10. Respond to any litigation or claim made against the Authority in connection with any bond issue, or any investigation or any bonds by any state or federal regulatory or law enforcement authorities when such response is required by law and is necessary to protect the interests of the Authority, the bondholders, or to achieve the terms of the applicable resolution adopted by the Board.

Recommendation. Staff recommends adoption of a resolution authorizing delegation authority to the executive director and deputy executive director of CPCFA for certain routine matters as described above with respect to the Authority's bond program. This resolution delegation authority will be in force through January 31, 2010.

**RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
DELEGATING CERTAIN POWERS RELATED TO BOND FINANCINGS TO THE
EXECUTIVE DIRECTOR AND DEPUTY EXECUTIVE DIRECTOR**

WHEREAS, the California Pollution Control Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act (Division 27 (commencing with Section 44500) of the California Health and Safety Code) (the “Act”) to issue bonds to finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, or equipping of any Project as that term is defined in Section 44508 of the Act;

WHEREAS, the Authority has previously issued various series of bonds pursuant to separate Bond Documents (as defined herein) for each such series of bonds between the Authority and other parties to the transaction, for the benefit of Participating Parties, as that term is defined in Section 44506 of the Act;

WHEREAS, the Authority anticipates entering into future bond financed transactions for the benefit of Participating Parties;

WHEREAS, from time to time a Participating Party may desire to seek consent of the Authority relating to amendments to the Bond Documents; removing or replacing participants or agents in the transaction; the delivery of an alternate credit facility or alternate liquidity facility; the sale, encumbrance or transfer of project assets; or a merger or dissolution involving a Participating Party;

WHEREAS, the Authority desires to authorize the Executive Director and Deputy Executive Director to consent to amendments to Bond Documents; removing or replacing participants or agents in the transaction; the delivery of an alternate credit facility or liquidity facility; the sale, encumbrance or transfer of project assets; a merger or dissolution involving a Participating Party; and other related matters, including, without limitation, certifying resolutions; executing and delivering Bond Documents; waiving provisions of Bond Documents; responding to litigation or the threat of litigation; and other ministerial duties;

WHEREAS, approval of the Authority is now sought; and

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. Certification of Resolutions. The Authority hereby delegates to each of the Executive Director and the Deputy Executive Director, upon the Executive Director’s written authorization or when the position of Executive Director is vacant, the power to sign and certify resolutions adopted by the Board.

Section 2. Bond Documents, Disclosure Documents, etc. The Authority hereby delegates to each of the Executive Director and the Deputy Executive Director, upon the Executive Director's written authorization or when the position of Executive Director is vacant, the power to execute and deliver all documents previously or hereafter approved by the Board in connection with the sale, issuance, delivery, credit enhancement, liquidity support, conversion, defeasance, discharge, or remarketing of bonds of the Authority, including, without limitation: (i) loan agreements, indentures, trust agreements, bond purchase agreements, lease agreements (whether as lessee or lessor), installment sale or purchase agreements, finance agreements, remarketing agreements, escrow agreements, continuing disclosure undertakings and tax certificates and agreements; (ii) any official statement, reoffering memorandum or other disclosure document in connection with bonds of the Authority, and (iii) all other documents, instructions, directions, requests or certificates in connection with the sale, issuance, delivery, credit enhancement, contracts described in subdivision (a) of section 5922 of the Government Code ("Hedging Agreements") whether entered into by the Authority or other party, liquidity support, conversion, defeasance, discharge, or remarketing of bonds, or the investment of bond proceeds or other funds pledged to the payment of bonds of the Authority or in connection with the tax-exemption of interest on such bonds (all of the foregoing items (i) through (iii) referred to as "Bond Documents").

Section 3. Amendments. (a) The Authority hereby delegates to each of the Executive Director and the Deputy Executive Director, upon the Executive Director's written authorization or when the position of Executive Director is vacant, the power to execute and deliver any amendment to any Bond Documents provided that such amendment (1) is made in accordance with the terms of the applicable agreement or other document being amended, (2) does not require bondholder consent pursuant to the terms of the agreement or other agreement to which the Authority is a party or any required consent has been acquired, or such amendment, by its own terms, shall become effective only upon acquiring such consent, (3) does not provide for any additional material duties of or costs to the Authority, other than costs that will be reimbursed no later than the effective date of the amendment, (4) does not modify any provision for indemnification of the Authority or any members, directors, officers, or employees of the Authority, and (5) does not modify any provision for payment to the Authority except for payments that are assigned by the Authority to the trustee or any other third party pursuant to the Bond Documents.

(b) The delegation in subsection (a) of this Section shall not include the power to execute and deliver any amendment that (i) would modify provisions relating to: (A) the description of all or any portion of a project financed with bonds of the Authority if such amendment would (1) result in the project failing to satisfy the documentation requirements set forth in Section 44561 of the Act; (2) result in the project failing to be eligible for financing or refinancing pursuant to the Act; (3) change the location of the project to property not described in the original approval of the Board; (4) in the case of tax-exempt bonds, would in and of itself cause interest on the bonds to be included in gross income for purposes of federal income taxation; (B) the sale or other transfer of all or any portion of a project financed with bonds of the Authority or all or any portion of the property pledged to secure bonds of the Authority; (C) merger by a Participating Party, the dissolution of a Participating Party, or the sale or other transfer of substantially all of the assets of a Participating Party; or (ii) would result in provisions inconsistent with the Authority's published bond issuance guidelines.

(c) All authorizations and delegations of power to execute and deliver any amendment of a Bond Document under any prior resolution of the Authority are hereby rescinded.

Section 4. Appointments. (a) The Authority hereby delegates to each of the Executive Director and the Deputy Executive Director, upon the Executive Director's written authorization or when the position of Executive Director is vacant, the power to appoint or remove, or consent to or approve the appointment or removal of, any trustee, paying agent, issuing and paying agent, registrar, tender agent, fiscal agent, escrow agent, verification agent, auction agent, underwriter, placement agent, remarketing agent, commercial paper dealer, credit enhancer, liquidity provider, investment provider, Hedging Agreement counterparty, securities depository, rating agency or counsel, including, without limitation, bond counsel, to the extent such appointment or removal, consent or approval by the Authority is required or permitted by the applicable Bond Document(s) and such appointment or removal (1) is made in accordance with the terms of the Bond Documents, if applicable, (2) does not require bondholder consent pursuant to the terms of the Bond Documents or other agreement to which the Authority is a party, if applicable, or any required consent has been acquired, or such consent or approval, by its own terms, shall become effective only upon acquiring such bondholder consent, (3) the Executive Director or Deputy Executive Director has consulted with the Public Finance Division of the State Treasurer's Office prior to such appointment, consent or approval, and (4) with respect to any underwriter, placement agent, remarketing agent or commercial paper dealer, such firm is among the firms listed on the State Treasurer's pool of underwriters approved for negotiated offerings pursuant to California Government Code section 5703 to the extent participation in the State Treasurer's Office pool is required by the Bond Documents. Prior to removing, or consenting to or approving the removal of, any of the foregoing agents or entities, the Executive Director or the Deputy Executive Director shall consult with the Participating Party under the related Bond Documents.

The foregoing delegation does not include the power to replace or substitute any of the foregoing agents or entities named or approved in the final resolution or otherwise in connection with the original issuance of any issue of bonds until after such bonds are issued.

Section 5. Credit Enhancement and Liquidity Support. (a) The Authority hereby delegates to each of the Executive Director and the Deputy Executive Director, upon the Executive Director's written authorization or when the position of Executive Director is vacant, the power to approve or consent to the delivery of any substitute, alternate or replacement credit enhancement or liquidity facility for bonds of the Authority, and the power to terminate any credit enhancement or liquidity facility or eliminate any requirement that a credit enhancement or liquidity facility be maintained for bonds of the Authority, if and to the extent such approval or consent by the Authority is required by the applicable Bond Documents and such approval or consent (1) is given in accordance with the terms of the applicable Bond Documents (including, without limitation, qualifications required by such Bond Documents for a provider of credit enhancement or liquidity support, if applicable), (2) does not require bondholder consent pursuant to the terms of the Bond Documents or other agreement to which the Authority is a party, if applicable, or any required consent has been acquired, or such approval or consent, by its own terms, shall become effective only upon acquiring such bondholder consent, (3) such

substitute, alternate or replacement credit enhancement or liquidity facility and the provider thereof, the termination of the credit enhancement or liquidity facility or the elimination of the requirement therefor, as applicable, are such as to qualify and cause the bonds of the Authority to qualify under the Authority's published bond issuance guidelines and (4) the Executive Director or Deputy Executive Director has consulted with the Public Finance Division of the State Treasurer's Office prior to such approval or consent.

Section 6. Sale, Encumbrance or Other Transfer of Projects. The Authority hereby delegates to each of the Executive Director and the Deputy Executive Director, upon the Executive Director's written authorization or when the position of Executive Director is vacant, the power to approve or consent to the sale, encumbrance or other transfer of all or a portion of a project financed with bonds of the Authority when such approval or consent by the Authority is required by the applicable Bond Documents and is provided in compliance with the applicable Bond Documents.

Section 7. Merger, Dissolution, etc. The Authority hereby delegates to each of the Executive Director and the Deputy Executive Director, upon the Executive Director's written authorization or when the position of Executive Director is vacant, the power to approve or consent to a merger by a Participating Party, the dissolution of a Participating Party, or the sale or other transfer of substantially all of the assets of a Participating Party when such approval or consent by the Authority is required by the applicable Bond Documents and is provided in compliance with the applicable Bond Documents.

Section 8. Ministerial Actions. The Authority hereby delegates to each of the Executive Director and the Deputy Executive Director, upon the Executive Director's written authorization or when the position of Executive Director is vacant, the power to carry out any ministerial actions contemplated by any Bond Documents, including, but not limited to, publication of notices of redemption or tender or substitution of credit enhancement or liquidity facility, publication of notices contemplated by the Bond Documents, filing of hedging identification certificates, and establishment of record dates for bondholder consents.

Section 9. Waivers. (a) The Authority hereby delegates to each of the Executive Director and the Deputy Executive Director, upon the Executive Director's written authorization or when the position of Executive Director is vacant, the power to waive on behalf of the Authority any provision of any Bond Document that is expressly for the benefit of the Authority and has not been assigned by the Authority, including, but not limited to, deadlines for delivery of notices, certificates, reports and other items to the Authority.

(b) The delegation in subsection (a) of this Section shall not include the power to waive (1) any provision that could not be amended pursuant to the delegation under Section 3 of this Resolution, (2) any provision requiring delivery of an opinion of counsel, and (3) any provision, the waiver of which would, in and of itself, result in the inclusion of interest on bonds in gross income for purposes of federal income taxation.

(c) All authorizations and delegations of power to waive any provision of a Bond Document under any prior resolution of the Authority are hereby rescinded.

Section 10. Litigation. The Authority hereby delegates to each of the Executive Director and the Deputy Executive Director, upon the Executive Director's written authorization or when the position of Executive Director is vacant, the power to respond on behalf of the Authority to any litigation or claim or threat of litigation or claim made against the Authority or any of its members, directors, officers or employees in connection with any bond issue, or any investigation of any bonds by any state or federal regulatory or law enforcement authorities when such response is required by law and is necessary to protect the interests of the Authority, the bondholders, or to effectuate the terms of the applicable resolution adopted by the Board.

Section 11. Exercise of Delegations Discretionary. Nothing in this Resolution shall require the Executive Director or any Deputy Executive Director to exercise the delegation granted herein in any particular case, and the Executive Director and any Deputy Executive Director may in any instance instead bring a proposed action before the Authority Board for consideration.

Section 12. Delegations Supplemental. The Authority may in any future resolution delegate additional powers to the Executive Director, Deputy Executive Director or other officers or employees of the Authority, or eliminate, modify or restrict any delegation granted in this Resolution. Except as expressly provided in Section 3 and Section 9, the powers delegated in this Resolution shall be deemed to be in addition to, and shall not limit, any prior delegation of power or authorization. The authorization contained in this Resolution shall apply to any issue of Bonds of the Authority now or hereafter outstanding.

Section 13. Delivery. The power delegated under this Resolution to each of the Executive Director and the Deputy Executive Director to deliver executed documents extends to documents executed by either such officer or both such officers. Notwithstanding anything to the contrary in this Resolution, any document executed by the Executive Director in accordance with this Resolution may be delivered by the Deputy Executive Director, regardless of whether the Deputy Executive Director was authorized to execute such document.

Section 14. Reporting. The Executive Director and the Deputy Executive Director, as applicable, shall report on a quarterly basis to the Board all actions taken pursuant to the delegations of powers under this Resolution, unless such action is a subject for closed session pursuant to the Bagley-Keene Open Meeting Act, in which case the action will be reported in closed session or in writing to individual Board members.

Section 15. Opinion of Counsel. The Executive Director or Deputy Executive Director, as the case may be, may seek and rely upon a formal or informal opinion from counsel to the Authority to confirm compliance with one or more of the provisions of this Resolution.

Section 16. The Chairperson of the Authority is hereby authorized to execute and deliver any document which is executed by the Executive Director or the Deputy Executive Director pursuant to this Resolution.

Section 17. This resolution shall take effect from and after its adoption, and shall expire on January 31, 2010, unless extended by action of the Board prior to that date.