

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**  
**Bond Program Staff Summary**  
**Meeting Date: October 21, 2014**

***Consideration and Approval of Adoption of Emergency Regulations Implementing the Review of Rate Reduction Bonds Pursuant to Assembly Bill 850***

Prepared by: *Andrea Gonzalez*

**Summary.** Staff requests approval of an emergency rulemaking pertaining to Assembly Bill 850 and the review of rate reduction bond issuances for utility projects. Staff is proposing to file emergency regulations to adopt §8130-8137 of the California Pollution Control Financing Authority (“CPCFA” or the “Authority”) regulations to review each issue of rate reduction bonds for financing costs of a utility project and determine the qualification of each issuance. Upon the Board’s approval, staff will file the regulations with the Office of Administrative Law (OAL).

**Background.** Assembly Bill 850 [AB 850 (Nazarian) Chapter 636, Statutes of 2013] authorizes joint power authorities to issue rate reduction bonds to finance publicly owned utility projects until December 31, 2020. The bonds are to be secured by utility project property and repaid through a separate utility project charge imposed on the utility customers’ bills. While the bonds are issued by the local joint power authorities, AB 850 includes an additional state review process by the CPCFA.

**Proposed Amendment to Regulation.** Staff proposes to adopt Sections 8130-8137 of the CPCFA regulations as shown in Attachment A.

**Need for Regulation Change.** Assembly Bill 850 requires CPCFA to review each issue of rate reduction bonds for financing costs of a utility project and to determine whether the issue is qualified for issuance under the provisions of the statute (Government Code, section 6588.7(b)(2)(A)-(B)). CPCFA is also required to establish procedures, adopt emergency regulations with the OAL, and report these review determinations to the Legislature annually.

An issue is qualified if four main factors are satisfied:

- The project to be financed meets statutory criteria.
- The municipal utility elects to finance the project pursuant to the statute.
- Financing costs falls within the normal range of costs for comparable types of debt issuance.
- The rates of utility plus new charge are collectively expected to be lower than utility rates would be if the project was financed through the issuance of utility’s own revenue bonds.

On August 15, 2014, CPCFA staff posted the AB 850 webpage that provided the program implementation plan, the full text of AB 850, proposed draft regulations and contact information. This posting began a 30-day comment period where stakeholders could propose comments or edits to the draft regulations. CPCFA received comments from one stakeholder and incorporated some of them into revised draft regulations. The public will be able to further comment during the OAL Regulatory Process.

**Summary of Regulations.** Assembly Bill 850 outlines CPCFA's responsibilities, some of which include:

- The review of each issue of rate reduction bonds and making a determination whether the issue is qualified for issuance under the provisions of the statute (Government Code, section 6588.7(b)(2)(A)-(B)).
- A determination that each project is a utility project, and that its financing is paid from the utility project property and the utility project charge.
- A determination that the rates of the publicly owned utility plus the utility project charge are lower than the rates if the project was financed with revenue bonds.
- Establishing procedures, adopting emergency regulations with OAL, and reporting these reviews to the Legislature annually.

**Application Process.** The Authority will accept applications from the issuer applicants for review in a form approved by the Executive Director. Applications will be made available at the CPCFA office located in Sacramento, as well as on the CPCFA website. The Authority will have 10 business days to inform the applicant whether the application is complete and, if not, what additional documentation or information is required. Once the applicant has submitted the supplemental information or documentation, the Authority will have 7 business days to inform the applicant if the application is complete and, if not request additional information or documentation. The Authority will take action on any completed Application no later than the next board meeting that occurs after at least 60 days following the determination by the Authority that the application is complete. An applicant can withdraw an application at any time without penalty or prejudice; however there is a nonrefundable application fee.

The Authority will determine that an issue of rate reduction bonds is qualified for issuance under section 6588.7 of the Government Code. If the Authority refuses to qualify a proposed issuance, it will provide a written explanation.

**Regulatory Process.** Upon the Board's approval to amend the existing regulations as proposed, emergency and regular rulemaking packages will be filed with OAL. The Authority may adopt and amend regulations to implement its review of rate reduction bonds on an emergency basis pursuant to Government Code 6588.7(6)(7). The public may comment on the proposed emergency regulations within 5 calendar days after the Authority files the regulations with OAL for review. OAL has up to 10 calendar days to review or deny emergency regulations. Assuming OAL approves this amendment as an emergency, the emergency regulations are effective for 180 days during which the Authority will begin the regular rulemaking process to conform the emergency regulations as permanent.

To begin the regular rulemaking process, the Authority will prepare a notice of a proposed rulemaking to be published in the California Regulatory Notice Register, mail the notice to interested parties, and post the notice, text, and initial statement of reasons on our website. The Notice starts a 45-day public comment period. After that time, staff will review and respond to any comments and present the final form of the regulations to the Authority for approval. If there are substantial modifications, the revised regulations must be published in the Register

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again for a 15-day public comment period before Authority approval. After Authority approval, a regular rulemaking file is submitted to OAL, and OAL has 30 working days to review the regulations for compliance with the Administrative Procedure Act and the Authority's statute. Once OAL approves the regulations, they are filed with the Secretary of State and become effective 30 days later.

**Timeline.** Outlined below is the estimated schedule.

### Emergency Regulations

October 21, 2014	The Board approves the emergency regulations.
October 23, 2014	5-day Notice posted on CPCFA website and sent to Interested Parties.
October 31, 2014	Emergency regulations filed with OAL.
November 5, 2014	Public comment period ends.
November 10, 2014	OAL review period ends. Emergency regulations are filed with the Secretary of State and are in effect.
May 9, 2015	Emergency regulations expire.

### Permanent Regulations

January 6, 2015	The <i>Rulemaking File</i> and Notice of Publication are filed with the Office of Administrative Law (OAL). The Notice of Proposed Regulatory Action is issued.
January 16, 2015	OAL publishes Notice and 45-day public comment period begins.
March 2, 2015	Public comment period regarding proposed regulations ends.
March 3, 2015	Deliver permanent regulation package to OAL for 30-day review*
April 14, 2015	OAL issues Approval of Certificate of Compliance and files regulations with the Secretary of State. Permanent regulations become effective.

\*If public comments are received that warrant substantial modifications to the proposed regulations, then the process will be lengthened to accommodate a 15-day comment period as follows:

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- March 3, 2015 Proposed regulation amendments are modified and Notice of Proposed Changes is issued to initiate a 15-day comment period.
- March 18, 2015 15-day comment period ends.
- March 18, 2015 Deliver permanent regulation package to OAL for 30-day review.
- April 28, 2015 OAL issues Approval of Certificate of Compliance and files regulations with the Secretary of State. Permanent regulations become effective.

**Recommendation.** Staff recommends approval of the proposed resolution to adopt regulations concerning Assembly Bill 850 and to authorize staff to undertake emergency and regular rulemaking proceedings and other actions related to implementing the review of rate reduction bonds.

**RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING  
AUTHORITY AUTHORIZING EMERGENCY RULEMAKING PERTAINING  
TO IMPLEMENTING THE REVIEW OF RATE REDUCTION BONDS  
PURSUANT TO ASSEMBLY BILL 850**

**October 21, 2014**

**WHEREAS**, the California Pollution Control Financing Authority (the "Authority") is authorized by California Health and Safety Code Sections 44520(a) to adopt regulations to implement and make specific the statutory provisions governing the Authority; and

**WHEREAS**, the Authority is authorized by California Health and Safety Code Section 44520(b) to adopt regulations relating to small business as emergency regulations; and

**WHEREAS**, the Authority has determined that amendments to the Authority's regulations relating to its General Provisions Relating to Authority Actions set forth in Article 3 of Division 11 of Title 4 of the California Code of Regulations, are necessary to be adopted as emergency regulations at this time to administer the Program.

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

**Section 1.** The proposed form of regulations presented at the October 21, 2014 meeting is hereby approved in substantially the form submitted. The Chair, Executive Director or Deputy Executive Director is hereby authorized, for and on behalf of the Authority, to proceed with filing such regulations with the Office of Administrative Law, with the supporting documentation required by law, for the purposes of adopting these as emergency regulations and later as regular regulations.

**Section 2.** The Chair, Executive Director or Deputy Executive Director of the Authority are hereby authorized and directed to take such actions, including making or causing to be made such changes to the regulations as may be required for approval thereof by the Office of Administrative Law, and to execute and deliver any and all documents that they may deem necessary or advisable in order to effectuate the purposes of this resolution.

**Section 3.** This resolution shall take effect immediately upon its approval.

**PROPOSED TEXT OF REGULATIONS**

**Title 4. Business Regulations**  
**Division 11. California Pollution Control Financing Authority**  
**Article 12. Rate Reduction Bonds**

**§ 8130. Applicability.**

This Article 12 shall apply to the Authority's review of the issuance of Rate Reduction Bonds pursuant to Section 6588.7 of the Government Code.

Note: Authority cited: Sections 6588.7(b)(3) and 6588.7(b)(7), Article 4, Chapter 5, Division 7, Title 1, Government Code. Reference: Section 6588.7(b), Article 4, Chapter 5, Division 7, Title 1, Government Code.

**§ 8131. Definitions.**

The following definitions shall govern construction of this Article 12.

- (a) "Application" means an application submitted by an Issuer Applicant to the Authority for review of its proposed Rate Reduction Bonds issuance.
- (b) "Authority" means the California Pollution Control Financing Authority.
- (c) "Conservation or Reclamation Purposes" is defined in Section 6585(d) of the Government Code.
- (d) "Financing Costs" is defined in Section 6585(g) of the Government Code.
- (e) "Issuer Applicant" means an entity created pursuant to Article 1, Chapter 5, Division 7, Title 1 of the Government Code (commencing with Section 6500) whose financing activities are limited to financing Utility Projects and projects for the use or benefit of public water agencies and which applies to the Authority for review and approval of an issuance of Rate Reduction Bonds.
- (f) "Legislative Body" is defined in Section 6585(i) of the Government Code.
- (g) "Local Agency" is defined in Section 6585(j) of the Government Code.
- (h) "Local Agency Applicant" means a Local Agency that owns and operates a Publicly Owned Utility and which applies to an Issuer Applicant to finance costs of a Utility Project for the Publicly Owned Utility with the proceeds of Rate Reduction Bonds and whose senior lien unenhanced revenue bonds payable from revenues of the Publicly Owned Utility are, or upon issuance would be, rated not lower than Baa3 by Moody's Investors Service, BBB- by Standard & Poor's Ratings Services, or BBB- by Fitch Ratings, Inc.
- (i) "Mandate" is defined in Section 6585(k) of the Government Code.

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- (j) “Mandating Entity” is defined in Section 6585(l) of the Government Code.
- (k) “Publicly Owned Utility” is defined in Section 6585(o) of the Government Code.
- (l) “Rate Reduction Bonds” mean bonds that are issued by an Issuer Applicant, the proceeds of which are used directly or indirectly to pay or reimburse a Local Agency or its Publicly Owned Utility for the payment of the costs of a Utility Project, and that are secured by a pledge of, and are payable from, Utility Project Property as provided in Government Code Section 6588.7.
- (m) “Utility Project” is defined in Section 6585(r) of the Government Code.
- (n) “Utility Project Charge” is defined in Section 6585(s) of the Government Code.
- (o) “Utility Project Property” is defined in Section 6585(t) of the Government Code.

Note: Authority cited: Sections 6588.7(b)(3) and 6588.7(b)(7), Article 4, Chapter 5, Division 7, Title 1, Government Code. Reference: Section 6585, Article 4, Chapter 5, Division 7, Title 1, Government Code.

### **§ 8132. Applications for Review.**

The Authority will accept Applications from Issuer Applicants for review in a form approved by the Executive Director. Application forms may be obtained from the Authority office located in the City of Sacramento. The Authority may also make Applications available on its website <http://www.treasurer.ca.gov/cpcfafa/>.

Note: Authority cited: Sections 6588.7(b)(3) and 6588.7(b)(7), Article 4, Chapter 5, Division 7, Title 1, Government Code. Reference: Section 6588.7(b), Article 4, Chapter 5, Division 7, Title 1, Government Code.

### **§ 8133. Application Fees.**

A check drawn on, or a wire transfer from, a responsible bank or trust company in the amount of \$10,000, shall be made payable to “CPCFA Fund” and shall accompany each Application. At the discretion of the Executive Director, the Authority may charge additional fees to cover any additional direct expenses that may be incurred by the Authority. Such fees provide for review and processing of the Application and are nonrefundable.

Note: Authority cited: Section 6588.7(b)(3), Article 4, Chapter 5, Division 7, Title 1, Government Code. Reference Section 6588.7(b)(3), Article 4, Chapter 5, Division 7, Title 1, Government Code.

### **§ 8134. Application Content.**

The Application shall contain all of the following.

- (a) Information concerning the Issuer Applicant:

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- (1) Name, address, phone number and email address of contact person for Issuer Applicant.
  - (2) Copies of the following documents:
    - (i) Issuer Applicant's joint exercise of powers agreement indicating the provisions therein which qualify the Issuer Applicant to issue Rate Reduction Bonds and certified by the chair, executive director, secretary or other authorized officer of the Issuer Applicant;
    - (ii) Issuer Applicant's by-laws, rules or other similar document certified by the chair, executive director, secretary or other authorized officer of the Issuer Applicant; and
    - (iii) Issuer Applicant's Notice of Agreement and any Notice of Amendment filed with the Secretary of State.
  - (3) Certificate from the chair, executive director or other authorized officer of the Issuer Applicant to the effect that the Issuer Applicant's joint exercise of powers agreement limits the financing activities of the Issuer Applicant to financing Utility Projects and projects for the use or benefit of public water agencies.
- (b) Information concerning the Local Agency Applicant:
- (1) Name, address, phone number and email address of contact person for Local Agency Applicant.
  - (2) Evidence the Local Agency Applicant is, or owns and operates, a Publicly Owned Utility. Such evidence may consist of:
    - (i) Certificate from the chair, mayor, chief executive officer, general manager, assistant general manager, executive director or other authorized officer of the Local Agency Applicant to the effect that the Local Agency Applicant is, or owns and operates, a Publicly Owned Utility furnishing water service to not less than 25,000 retail customers; or
    - (ii) Copy of charter documents establishing that the utility is a Publicly Owned Utility owned and operated by, or is a department or other subdivision of, the Local Agency Applicant certified by the chair, mayor, chief executive officer, general manager, assistant general manager, executive director or other authorized officer of the Local Agency Applicant, as well as the certification of such officer to the effect that such Publicly Owned Utility is furnishing water service to not less than 25,000 retail customers.
  - (3) Evidence that senior lien unenhanced revenue bonds payable from the revenues of the Publicly Owned Utility owned or operated by Local Agency Applicant are, or upon issuance would be, rated not lower than Baa3 by Moody's Investors Service,



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BBB- by Standard & Poor's Ratings Services, or BBB- by Fitch Ratings, Inc. Such evidence may consist of:

- (i) Current rating reports from one or more of the aforementioned rating agencies; or
  - (ii) A report of an independent investment banker or financial consultant concluding, based on an analysis of other Publicly Owned Utilities of comparable size, financial metrics, debt service coverage ratios, management experience and credit quality, that senior lien unenhanced bonds payable from the revenues of the Publicly Owned Utility upon issuance would be rated not lower than Baa3 by Moody's Investors Service, BBB- by Standard & Poor's Ratings Services, or BBB- by Fitch Ratings Inc.
- (4) Resolutions, ordinances or other official actions of the Legislative Body of the Local Agency Applicant, adopted at public meetings held with all proper notice and at which a quorum was present and acting throughout, certified by the chair, president or other presiding officer of such Legislative Body and evidencing the determination by the Legislative Body of the Local Agency Applicant that:
- (i) The project to be financed with the proceeds of the sale of Rate Reduction Bonds is a Utility Project;
  - (ii) The Local Agency Applicant is electing to finance costs of the Utility Project pursuant to Section 6588.7 of the Government Code and the Financing Costs associated with the financing are to be paid from Utility Project Property, including the Utility Project Charge for the Rate Reduction Bonds issued for the Utility Project in accordance with Section 6588.7 of the Government Code; and
  - (iii) Based on information available to, and projections used by, the Legislative Body of the Local Agency Applicant, the rates of the Publicly Owned Utility plus the Utility Project Charge resulting from the financing of the Utility Project with Rate Reduction Bonds are expected to be lower than the rates of the Publicly Owned Utility if the Utility Project was financed with bonds payable from the revenues of the Publicly Owned Utility.
- (5) Evidence that the Legislative Body of the Local Agency Applicant had a reasonable basis on which to make the findings and determinations set forth in Section (b)(4) above. Such evidence may consist of:
- (i) A report of an independent certified consulting engineer setting forth the principal facts, assumptions, projections, variables and calculations and concluding that:
    - a. The Project to be financed with the proceeds of the sale of Rate Reduction Bonds is a Utility Project; and



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- (ii) The use of the items to be financed with the proceeds of the sale of Rate Reduction Bonds will either:
  - a. Be designed to reduce the amount of potable water to be supplied by a Publicly Owned Utility or reduce the amount of water imported by the Publicly Owned Utility, including, without limitation, storm water recapture and treatment, water recycling, development of local groundwater resources, groundwater recharging, and water reclamation; or
  - b. Respond to a requirement, imposed by a Mandating Entity by any means, including without limitation, a statute, rule, regulation, an administrative or judicial order, a building, operating, or licensing requirement or condition, or an agreement with, or license or permit from, the Mandating Entity, on a facility of a Publicly Owned Utility or a facility operated in whole or in part for the benefit of a Publicly Owned Utility, or on the operations of a Publicly Owned Utility, or on the water pumped, acquired, or supplied by the Publicly Owned Utility.
  
- (d) Information concerning the projected Financing Costs for the proposed Rate Reduction Bond financing:
  - (1) The Application shall provide the Financing Costs projected to be incurred in connection with the proposed Rate Reduction Bond financing, including:
    - (i) Anticipated Rate Reduction Bond Scale
      - a. Not to exceed principal amount
      - b. Maturities
      - c. Interest rates
        - (A) Fixed or variable
        - (B) Current interest or capital appreciation bonds
      - d. Redemption provisions
    - (ii) Anticipated Professional Fees
      - a. Bond counsel fee
      - b. Financial advisor fee
      - c. Underwriters counsel fee
      - d. Trustee counsel fee
      - e. Accounting fee
      - f. Engineering fee
      - g. Other legal fees
      - h. Other consultants fees

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- (iii) Issuance Fees
    - a. Underwriting or placement fees
    - b. Trustee fee
    - c. Rating agency fees
  - (iv) Credit or Liquidity Enhancement Fees
    - a. Bond insurance fee
    - b. Bank letter of credit or standby bond purchase agreement fees
    - c. Debt service reserve amount or surety fees
    - d. Other credit or liquidity enhancement fees
  - (v) Servicing and Administrative fees
    - a. Publicly Owned Utility servicing fee (bill and collect the Utility Project Charge)
    - b. Annual trustee fees
    - c. Interest rate swap
    - d. Other servicing and administrative fees
- (2) Certificate from an independent financial advisor to the effect that based on information available to them, the projected Financing Costs fall within the normal range of financing costs for comparable types of debt issuance.

Note: Authority cited: Sections 6588.7(b)(3) and 6588.7(b)(7), Article 4, Chapter 5, Division 7, Title 1, Government Code. Reference: Sections 6588.7(b) and 6588.7(c), Article 4, Chapter 5, Division 7, Title 1, Government Code.

### **§ 8135. Authority Action.**

- (a) Within 10 business days of receipt the Authority will advise the Issuer Applicant in writing whether Application is complete and, if not, what additional information or documentation is required.
- (b) Within 7 business days of submission of the additional information, the Authority will advise the Issuer Applicant in writing whether Application is complete and, if not, describing what additional information or documentation is required.
- (c) The Authority shall take action on any completed Application no later than the next meeting of the Authority that occurs after at least 60 days following determination by the Authority that the Application is complete. During said 60 days, the Authority may request supplemental information in support of the Authority's review of an Application.
- (d) An Issuer Applicant can withdraw an Application at any time without penalty or prejudice, however the application fee paid pursuant to Section 8133 is not refundable. An Issuer Applicant can resubmit a withdrawn Application at any time. Payment of an

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additional application fee upon such resubmission shall be at the discretion of the Executive Director.

Note: Authority cited: Sections 6588.7(b)(3), 6588.7(b)(5) and 6588.7(b)(7), Article 4, Chapter 5, Division 7, Title 1, Government Code. Reference: Section 6588.7(b), Article 4, Chapter 5, Division 7, Title 1, Government Code.

### **§ 8136. Application Approval.**

- (a) The Authority shall determine that an issue of Rate Reduction Bonds is qualified for issuance under 6588.7 of the Government Code if the Application establishes to the satisfaction of Authority that:
  - (1) The project to be financed with the proceeds of the sale of Rate Reduction Bonds is a Utility Project;
  - (2) The Local Agency Applicant is electing to finance costs of the Utility Project pursuant to Section 6588.7 of the Government Code and the Financing Costs associated with the financing are to be paid from Utility Project Property, including the Utility Project Charge for the Rate Reduction Bonds issued for the Utility Project in accordance with Section 6588.7 of the Government Code;
  - (3) Based on information available to, and projections used by, the legislative body of the Local Agency Applicant, the rates of the Publicly Owned Utility plus the Utility Project Charge resulting from the financing of the Utility Project with Rate Reduction Bonds are expected to be lower than the rates of the Publicly Owned Utility if the Utility Project was financed with bonds payable from the revenues of the Publicly Owned Utility; and
  - (4) The projected Financing Costs fall within the normal range of financing costs for comparable types of debt issuance.
- (b) The Authority shall provide an explanation in writing for any refusal to qualify a proposed issuance but shall not alter or modify any term or condition related to the Utility Project Property.

Note: Authority cited: Sections 6588.7(b)(2), 6588.7(b)(3), 6588.7(b)(4) and 6588.7(b)(7), Article 4, Chapter 5, Division 7, Title 1, Government Code. Reference: Section 6588.7(b), Article 4, Chapter 5, Division 7, Title 1, Government Code.

### **§ 8137. Reports.**

- (a) Each Issuer Applicant whose Application is approved shall provide to the Authority, within 10 business days following issuance of any Rate Reduction Bonds, the following information:
  - (1) Principal amount of Rate Reduction Bonds sold.
  - (2) The maturity dates of Rate Reduction Bonds sold.

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- (3) The interest rate or rates on the Rate Reduction Bonds sold and, if such Rate Reduction Bonds bear interest at a variable rate, how, by whom and how often such rate is determined.
- (4) The credit ratings assigned to such Rate Reduction Bonds by nationally recognized securities rating organizations.
- (5) Whether the bonds were sold by competitive bid or negotiated sale.
- (6) Comparison of interest rates and transactional costs on the Rate Reduction Bonds with other comparable types of debt occurring near the same time.

The Authority shall provide a form for such reports.

- (b) Annually no later than March 31, the Authority shall submit to the Legislature a report of its activities pursuant to Section 6588.7(b) of the Government Code for the preceding calendar year ended December 31. The Authority shall require information from Issuer Applicants to ensure that the necessary data is available to complete this report. The report shall include all of the following:
  - (1) Listing of Applications received.
  - (2) Listing of proposed issuances qualified under the provisions of Section 6588.7(b) of the Government Code.
  - (3) Report of Rate Reduction Bonds sold, the interest rates on the Rate Reduction Bonds, whether the Rate Reduction Bond sales were pursuant to public bid or were negotiated, and any rating given the Rate Reduction Bonds by a nationally recognized securities rating organization.
  - (4) A specification of proposed issuances of Rate Reduction Bonds qualified but not yet issued.
  - (5) A comparison of the interest rates and transactional costs on issuances of Rate Reduction Bonds qualified under Section 6588.7(b) of the Government Code with interest rates on comparable types of debt issuance occurring at or near the same time as the Rate Reduction Bond issuances.
- (c) The Executive Director shall be authorized to seek the information required in sections (a)(1) through (5) from the Issuer Applicant concerning any Application submitted to the Authority for review.

Note: Authority cited: Sections 6588.7(b)(3), 6588.7(b)(7) and 6588.7(b)(8), Article 4, Chapter 5, Division 7, Title 1, Government Code. Reference: Section 6588.7(b)(8), Article 4, Chapter 5, Division 7, Title 1, Government Code.

#### **§ 8138. Sunset.**

With the exception of Section 8137, these regulations shall expire upon the termination of the authority to issue Rate Reduction Bonds under Section 6588.7 of the Government Code. Section

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8137 of these regulations shall expire upon the Authority's submission of its final report to the Legislature thereunder.

Note: Authority cited: Sections 6588.7(b)(3), 6588.7(b)(7), 6588.7(b)(8) and 6588.7(k), Article 4, Chapter 5, Division 7, Title 1, Government Code. Reference: Section 6588.7(b)(8), Article 4, Chapter 5, Division 7, Title 1, Government Code.