

**CAPITAL PROGRAMS & CLIMATE FINANCING AUTHORITY (CPCFA)
BOND FINANCING PROGRAM
Meeting Date: April 21, 2026**

**Request for Consideration and Approval of Amendments to the Regulations for
the Tax-Exempt Bond Program Pertaining to Rate Reduction Bonds**

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Summary. Staff requests Board approval to begin emergency rulemaking actions to amend regulations pertaining to the Capital Programs and Climate Financing Authority's ("CPCFA" or "the Authority") Rate Reduction Bond program (California Code of Regulations (CCR) Title 4, Division 11, Article 12). Amendments will include the following substantive changes to sections 8130, 8131, 8133, 8134, 8135, and 8137:

- §8130: Add language to include electrical service utilities/projects.
- §8131: Update name of agency to "Capital Programs & Climate Financing Authority" to reflect 2026 change; add language to include electrical service utilities/projects.
- §8133: Add language to clarify the scope of the Authority's discretion to assess fees in addition to the standard Application Fee.
- §8134: Add language to include electrical service utilities/projects and define eligible electrical service projects.
- §8135: Add language to clarify that Application Fees will be reassessed if an Application is withdrawn and resubmitted at a later date.
- §8137: Remove unnecessary/redundant language and add language to clarify requirements related to information supplied by Issuer Applicants.

Background. In 1985, the Legislature passed Assembly Bill (AB) 1765, the Marks-Roos Local Bond Pooling Act (the "Act")(Government Code (GC) §§6584-6599.1), which allows local California governments to sell a single bond issue to finance multiple public utility projects, thus taking advantage of economies of scale to lower overall borrowing costs. In 1998, the Legislature passed Senate Bill (SB) 147, which amended GC §6586 and added §6586.5, putting in place various requirements and restrictions governing the issuance of such bonds. GC §6588.7 specifies that the Authority "shall review each issue of [rate reduction] bonds and shall determine whether the issue is qualified for issuance".

In 2019, the Legislature passed AB 305, which amended GC 6585 and 6588.7 to expand project eligibility guidelines to include wastewater furnishing projects and refinancings, redefine reporting requirements for eligible projects, and other changes. In response, CPCFA implemented Regulatory Action 2020-0219-02N, which made similar amendments to §§8130, 8131, 8134, and 8138 of the CCR; however, although §8134(b)(5) was removed by this action, a reference to it in §8134(c)(1) was not

removed. Additionally, in 2021, the Legislature passed AB 758, which amended the Act to expand the definition of “utility” to include local publicly owned electric utility services.

Finally, in 2025, the Legislature passed AB 786, which changed the name of the California Pollution Control Financing Authority to the Capital Programs & Climate Financing Authority, effective January 1, 2026.

Need for Changes to Rate Reduction Bond Regulations. The proposed changes to the regulation text will accomplish the following goals:

1. Align the language contained in the CCR governing rate reduction bond issues with the language added to the GC by SB 147, eliminating potential confusion over the eligibility of publicly owned electrical utility providers to finance projects by issuing rate reduction bonds.
2. Replace an obsolete reference to §8134(b)(5), which no longer exists.
3. Update the full name of the Authority to align with AB 786.
4. Clarify certain requirements related to the Authority’s fees and information supplied to the Authority by Issuer Applicants.
5. Make various non-substantive corrections to the grammar, punctuation, capitalization, and format of the text.

Proposed Regulation Change. Amend section 8130, which will read as follows (amendments are underlined and deletions are shown in strikethrough):

§ 8130. 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. ~~The Authority’s review of the issuance of Rate Reduction Bonds shall not apply if the determinations of a Local Agency are subject to review by a ratepayer advocate or similar entity whose function is to provide public independent analysis of a Publicly Owned Utility’s actions as they relate to water or wastewater rates.~~

Amend subsection 8131(b) which will read as follows (amendments are underlined and deletions are shown in strikethrough):

§ 8131(b). “Authority” means the ~~California Pollution Control Financing Authority~~Capital Programs and Climate Financing Authority.

Amend subsection 8131(e) which will read as follows (amendments are underlined and deletions are shown in strikethrough):

§8131(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 or refinancing Utility Projects and projects for the use or benefit of public agencies providing water, wastewater, or electrical service, ~~agencies~~ and which applies to the Authority for review and approval of an issuance of Rate Reduction Bonds.

Amend subsection 8131(h) which will read as follows (amendments are underlined and deletions are shown in strikethrough):

§8131(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 or refinance 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., as evidenced by a report as described in Section 8134, subsection (b)(3)(B).

Amend subsection 8131(l) which will read as follows (amendments are underlined and deletions are shown in strikethrough):

§8131(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, to refund ~~rate reduction bonds~~ Rate Reduction Bonds, or to refinance ~~water or, wastewater, or electric~~ revenue bonds of a Local Agency or Publicly Owned Utility issued to finance a Utility Project, ~~(6585(p))~~ and that are secured by a pledge of, and are payable from, Utility Project Property as provided in Government Code Section 6588.7.

Amend subsection 8133 which will read as follows (amendments are underlined and deletions are shown in strikethrough):

A check or a wire transfer in the amount of \$10,000 shall be made payable to “CPCFA Fund” and shall accompany each Application. The Authority may charge additional fees in an amount equal to the amount of any additional expenses incurred by the Authority in retaining an independent financial advisor to review the ~~application~~ Application under circumstances involving the verification of any ~~or all~~ requirements ~~in~~ of Section 8134. Such fees provide for review and processing of the Application and are nonrefundable.

Amend subsection 8134(a)(3) which will read as follows (amendments are underlined and deletions are shown in strikethrough):

§8134(a)(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 or refinancing Utility Projects and projects for the use or benefit of public ~~water or, wastewater, or electrical service~~ agencies.

Amend subsection 8134(b)(2)(A) and (B) which will read as follows (amendments are underlined and deletions are shown in strikethrough):

§8134(b)(2)(A). 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-~~or~~wastewater, or electrical service to not less than 25,000 retail customers; or

(B). 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-~~or~~wastewater, or electrical service to not less than 25,000 retail customers.

Amend subsection 8134(c) which will read as follows (amendments are underlined and deletions are shown in strikethrough):

§8134(c). Information concerning the Utility Project:

(1) In support of the conclusion that the Project to be financed or refinanced with the proceeds of the sale of Rate Reduction Bonds is a Utility Project, the ~~reports and materials~~ referred to in Sections 8134(b)(5)(i),(ii) and ~~(iii)(4)(A)~~ must establish that:

~~(i)~~A. The items to be financed or refinanced with the proceeds of the sale of Rate Reduction Bonds consist of the acquisition, construction, installation, retrofitting, rebuilding, or other addition to, or improvement of, any equipment, device, structure, improvement, process, facility, technology, rights or property, located either within or outside of, the State of California, and that is used, or to be used, in connection with the operations of a Publicly Owned Utility for Conservation or Reclamation Purposes or in response to a Mandate; and

~~(ii)~~B. The use of the items to be financed with the proceeds of the sale of Rate Reduction Bonds will either:

~~a.~~1. Be designed to reduce the amount of potable water to be supplied by a Publicly Owned Utility; ~~;~~; reduce the amount of water imported by a Publicly Owned Utility; ~~;~~; ~~or~~ facilitate the use of wastewater by a Publicly Owned Utility for conservation purposes, including, without limitation, storm water capture and treatment,

water and wastewater recycling, development of local groundwater resources, groundwater recharging, and water reclamation; or enable or provide for the generation, transmission, or distribution of electrical service; or

- ~~b.2.~~ 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 or wastewater pumped, acquired, supplied, or treated by the Publicly Owned Utility, or on the electricity generated, acquired, or supplied by the Publicly Owned Utility; or
3. Serve any other utility purpose designated a “utility project” by a Publicly Owned Utility.

Amend subsection 8135(d) which will read as follows (amendments are underlined and deletions are shown in strikethrough):

8135(d). An Issuer Applicant can withdraw an Application at any time without penalty or prejudice; ~~however, the application fees paid pursuant to Section 8133 is are~~ not refundable. An Issuer Applicant can resubmit a withdrawn Application at any time, but any previous fees will not apply to a resubmitted Application.

Amend subsection 8137(b) which will read as follows (amendments are underlined and deletions are shown in strikethrough):

8137(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 required by section 6588.7, subdivision (b), of the Government Code. The report shall include all of the following:

In addition, this regulatory change includes a number of non-substantive corrections to the grammar, punctuation, capitalization, and format of the text. See Attachment A for a full copy of the proposed regulation changes.

Regulatory Process. To begin emergency rulemaking, the Authority will post the emergency notice and text on its website, mail the emergency notice to interested parties, and, after 5 days, submit the proposed regulation changes to OAL for review. Submission of the regulations starts a 10-day OAL review period, which includes a 5-day public comment period. If the regulations are approved, they will be filed with the Secretary of State and take immediate effect for a period of 180 days.

To begin regular rulemaking, 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 its website.

The Notice starts a 45-day public comment period. After that time, staff will review, consider and/or respond to any public comments, and present the final form of the regulations to the CPCFA Board for approval.

If staff makes substantial modifications to the regulations in response to public comment, the revised regulations must be posted and mailed to interested parties starting a 15-day public comment period before CPCFA Board consideration. After CPCFA Board 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

April 21, 2026	CPCFA Board meeting – Consideration of a resolution authorizing proposed amendments to regulations.
April 22, 2026	If resolution is approved, 5-day notice posted on CPCFA website and sent to interested parties.
April 29, 2026	Emergency regulations filed with OAL.
May 4, 2026	5-day public comment period ends.
May 11, 2026	10-day OAL review period ends. If approved, the emergency regulations are filed with the Secretary of State and are in effect.
November 9, 2026	Emergency regulations expire (assuming approval on May 11, 2026).

Permanent Regulations

May 12, 2026	CPCFA submits a Notice of Proposed Rulemaking to OAL for review.
May 22, 2026	The Notice of Proposed Rulemaking is published by OAL in the California Regulatory Notice Register, posted on CPCFA's website, and distributed to all interested parties. 45-day public comment period begins. If requested, public hearing on proposed regulations will be held.
July 6, 2026	Public comment period regarding proposed regulations ends.
July 21, 2026	CPCFA Board considers approval of final regulations.*
July 23, 2026	If approved, deliver permanent regulation package to OAL for 30-day review.
August 24, 2026	OAL issues Approval of Certificate of Compliance and files regulations with the Secretary of State. Permanent regulations become effective. Authority staff will post receipt of approval on the Authority website.
<p>*If substantial modifications are made to the proposed regulations in response to public comment, then the process will be lengthened to accommodate a 15-day public comment period as follows:</p>	
July 13, 2026	If proposed regulation amendments are substantially modified, Notice of Proposed Changes is posted and mailed to initiate a 15-day comment period.
July 28, 2026	15-day public comment period ends.
August 18, 2026	CPCFA Board considers approval of final regulations.
August 20, 2026	If approved, deliver permanent regulation package to OAL for 30-day review.
September 21, 2026	OAL issues Approval of Certificate of Compliance and files regulations with the Secretary of State. Permanent

regulations become effective. Authority staff will post receipt of approval on the Authority website.

Recommendation. Staff recommends the adoption of a resolution to amend the regulations relating to rate reduction bonds and to authorize staff to undertake the emergency rulemaking proceedings followed by regular rulemaking proceedings and other actions related to the Authority bond program regulation revisions.

**RESOLUTION OF THE CAPITAL PROGRAMS AND CLIMATE FINANCING
AUTHORITY APPROVING REGULATIONS AND AUTHORIZING
EMERGENCY AND REGULAR RULEMAKING PROCEEDINGS AND OTHER
ACTIONS RELATED TO THE BOND PROGRAM AND RATE REDUCTION
BONDS**

April 21, 2026

WHEREAS, the Capital Programs and Climate 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 has determined that amendments to the Authority's regulations relating to its rate reduction bond program under Article 12 of Division 11 of Title 4 of the California Code of Regulations, are necessary to be adopted at this time to administer the bond program and issuance of rate reduction bonds.

NOW, THEREFORE, BE IT RESOLVED by the Capital Programs and Climate Financing Authority as follows:

Section 1. The proposed form of regulations presented at the April 21, 2026 meeting is hereby approved in substantially the form submitted by staff. The Chair, Executive Director, and Deputy Executive Director are each 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 as emergency and regular regulations.

Section 2. The Chair, Executive Director, and Deputy Executive Director of the Authority are each 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.

Attachment A

PROPOSED TEXT OF REGULATIONS

Title 4. Business Regulations

Division 11. ~~California Pollution Control Financing Authority~~ Capital Programs and Climate 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. ~~The Authority's review of the issuance of Rate Reduction Bonds shall not apply if the determinations of a Local Agency are subject to review by a ratepayer advocate or similar entity whose function is to provide public independent analysis of a Publicly Owned Utility's actions as they relate to water or wastewater rates.~~

Note: Authority cited: Sections 6588.7(b)(3) and 6588.7(b)(7), Government Code.

Reference: Sections 6588.7(b)(3) ~~and 6588.7(b)(9)~~, 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~~ Capital Programs and Climate Financing Authority.
- (c) "Conservation or Reclamation Purposes" is defined in Section 6585, subdivision (d) of the Government Code.
- (d) "Financing Costs" is defined in Section 6585, subdivision (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 or refinancing Utility Projects and projects for the use or benefit of public agencies providing public water or, wastewater, or electrical service, ~~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, subdivision (i) of the Government Code.
- (g) “Local Agency” is defined in Section 6585, subdivision (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 or refinance 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., as evidenced by a report as described in Section 8134, subdivision (b)(3)(A).
- (i) “Mandate” is defined in Section 6585, subdivision (k) of the Government Code.
- (j) “Mandating Entity” is defined in Section 6585, subdivision (l) of the Government Code.
- (k) “Publicly Owned Utility” is defined in Section 6585, subdivision (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, to refund ~~rate reduction bonds~~ Rate Reduction Bonds, or to refinance water-~~or~~, wastewater, or electric revenue bonds of a Local Agency or Publicly Owned Utility issued to finance a Utility Project, ~~(6585(p))~~ 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, subdivision (r) of the Government Code.
- (n) “Utility Project Charge” is defined in Section 6585, subdivision (s) of the Government Code.
- (o) “Utility Project Property” is defined in Section 6585, subdivision (t) of the Government Code.

Note: Authority cited: Sections 6588.7(b)(3) and 6588.7(b)(7), Government Code.

Reference: Sections 6585 and 6588.7, Government Code.

§ 8132. Applications for Review.

The Authority will accept Applications from Issuer Applicants for review in a form approved by the Executive Director as prescribed in Section 8134. 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 at <http://www.treasurer.ca.gov/cpcf/>.

Note: Authority cited: Sections 6588.7(b)(3) and 6588.7(b)(7), Government Code.

Reference: Section 6588.7(b), Government Code.

§ 8133. Application Fees.

A check or a wire transfer in the amount of \$10,000 shall be made payable to “CPCFA Fund” and shall accompany each Application. The Authority may charge additional fees in an amount equal to the amount of any additional expenses incurred by the Authority in retaining an independent financial advisor to review the ~~application~~Application under circumstances involving the verification of any or all requirements ~~in~~of Section 8134. Such fees provide for review and processing of the Application and are nonrefundable.

Note: Authority cited: Section 6588.7(b)(3), Government Code. Reference Section 6588.7(b)(3), Government Code.

§ 8134. Application Content.

The Application shall contain all of the following.

- (a) Information concerning the Issuer Applicant:
 - (1) Name, address, phone number and email address of contact person for Issuer Applicant.
 - (2) Copies of the following documents:
 - (i)A. 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)B. 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)C. 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 or refinancing Utility

Projects and projects for the use or benefit of public water-or, wastewater, or electrical service 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) A. 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-or, wastewater, or electrical service to not less than 25,000 retail customers; or
 - (ii) B. 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-or, wastewater, or electrical 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, BBB- by Standard & Poor's Ratings Services, or BBB- by Fitch Ratings, Inc. Such evidence may consist of:
 - (i) A. Current rating reports from one or more of the aforementioned rating agencies; or
 - (ii) B. 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

(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)~~A. The project to be financed or refinanced with the proceeds of the sale of Rate Reduction Bonds is a Utility Project;

~~(ii)~~B. The Local Agency Applicant is electing to finance or refinance costs of the Utility Project pursuant to Section 6588.7 of the Government Code and the Financing Costs associated with the financing or refinancing 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)~~C. 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 or refinancing 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 or refinanced with bonds payable from the revenues of the Publicly Owned Utility.

~~(iv)~~D. A Local Agency Applicant with a Public Utility having 500,000 or more retail customers may, in lieu of providing the evidence described in paragraph (iii), provide evidence that the use of Rate Reduction Bonds to finance or refinance Utility Projects provides substantial benefits to the Public Utility. These benefits may include, but are not limited to, lower interest rates on Rate Reduction Bonds and more favorable capitalization and debt service coverage ratio treatment that results in gross or present value lifetime savings for the Public Utility.

(c) Information concerning the Utility Project:

(1) In support of the conclusion that the Project to be financed or refinanced with the proceeds of the sale of Rate Reduction Bonds is a Utility Project, the ~~reports and materials~~ referred to in Sections 8134(b)(5)(i), ~~(ii), and (iii)~~(4)(D) must establish that:

- (i)A. The items to be financed or refinanced with the proceeds of the sale of Rate Reduction Bonds consist of the acquisition, construction, installation, retrofitting, rebuilding, or other addition to, or improvement of, any equipment, device, structure, improvement, process, facility, technology, rights or property, located either within or outside of, the State of California, and that is used, or to be used, in connection with the operations of a Publicly Owned Utility for Conservation or Reclamation Purposes or in response to a Mandate; and
- (ii)B. The use of the items to be financed with the proceeds of the sale of Rate Reduction Bonds will either:
- a.1. Be designed to reduce the amount of potable water to be supplied by a Publicly Owned Utility; ~~reduce the amount of water imported by a Publicly Owned Utility;~~ ~~or~~ facilitate the use of wastewater by a Publicly Owned Utility for conservation purposes, including, without limitation, storm water capture and treatment, water and wastewater recycling, development of local groundwater resources, groundwater recharging, and water reclamation; or enable or provide for the generation, transmission, or distribution of electrical service; or
- b.2. 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 or wastewater pumped, acquired, supplied, or treated by the Publicly Owned Utility, or on the electricity generated, acquired, or supplied by the Publicly Owned Utility; or
3. Serve any other utility purpose designated a “utility project” by a 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)A. Anticipated Rate Reduction Bond Scale

- a.1. Not to exceed principal amount
- b.2. Maturities
- c.3. Interest rates
 - 1.a. Fixed or variable
 - 2.b. Current interest or capital appreciation bonds
- d.4. Redemption provisions

(ii)B. Anticipated Professional Fees

- a.1. Bond counsel fee
- b.2. Financial advisor fee
- c.3. Underwriters counsel fee
- d.4. Trustee counsel fee
- e.5. Accounting fee
- f.6. Engineering fee
- g.7. Other legal fees
- h.8. Other consultants fees

(iii)C. Issuance Fees

- a.1. Underwriting or placement fees
- b.2. Trustee fee
- c.3. Rating agency fees

(iv)D. Credit or Liquidity Enhancement Fees

- a.1. Bond insurance fee
- b.2. Bank letter of credit or standby bond purchase agreement fees
- c.3. Debt service reserve amount or surety fees
- d.4. Other credit or liquidity enhancement fees

(v)E. Servicing and Administrative fees

- a.1. Publicly Owned Utility servicing fee (bill and collect the Utility Project Charge)
- b.2. Annual trustee fees
- c.3. Interest rate swap
- d.4. 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) , Government Code.

Reference: Sections 6585 and 6588.7, Government Code.

§ 8135. Authority Action.

- (a) Within 10 business days of receipt of the Application, the Authority will advise the Issuer Applicant in writing whether the 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 the 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 fees~~ paid pursuant to Section 8133 is ~~are~~ not refundable. An Issuer Applicant can resubmit a withdrawn Application at any time, but any previous fees will not apply to a resubmitted Application.

Note: Authority cited: Sections 6588.7(b)(3), 6588.7(b)(5) and 6588.7(b)(7), Government Code.

Reference: Section 6588.7(b), 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~~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), Government Code.

Reference: Section 6588.7(b), 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~~The principal amount of Rate Reduction Bonds sold.
 - (2) The maturity dates of Rate Reduction Bonds sold.
 - (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~~ A 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 required by section 6588.7, subdivision (b), of the Government Code. 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, subdivision (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, subdivision (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 ~~(56)~~ 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), Government Code.
Reference: Section 6588.7(b)(8), Government Code.