



Board Agenda Item 33

DATE: August 23, 2016

TO: Board of Supervisors

SUBMITTED BY: Jean M. Rousseau, County Administrative Officer

SUBJECT: Property Assessed Clean Energy Program - California Municipal Finance Authority

RECOMMENDED ACTION(S):

- 1. Adopt Resolution consenting to Inclusion of Properties within the County's Unincorporated Territory in California Municipal Finance Authority Open Property Assessed Clean Energy Programs to Finance Renewable Energy Generation, Energy Efficiency, Water Conservation, Seismic Improvements, and Electric Vehicle Charging Infrastructure Improvements and Consenting to the California Municipal Finance Authority's Levy of Voluntary Contractual Assessments to Secure Repayment of Such Financing, subject to the execution of the Agreement in Recommended Action 2.**
- 2. Approve and authorize the Chairman to execute Agreement for the Collection of Special Assessments with the California Municipal Finance Authority for the reimbursement of costs to the Auditor-Controller/Treasurer-Tax Collector's office for placement of the California Municipal Finance Authority Property Assessed Clean Energy program voluntary contractual assessments on current secured property tax bills. This agreement is effective upon execution and renews automatically for each fiscal year unless either party gives written notice of nonrenewal.**
- 3. Authorize the County Administrative Officer or his designee(s) to execute, subject to the approval of County Counsel and the Auditor-Controller/Treasurer-Tax Collector, any subsequent documents necessary to implement the actions above.**

The recommended actions will allow the California Municipal Finance Authority (CMFA) to offer a Property Assessed Clean Energy (PACE) program to property owners within the unincorporated areas of Fresno County. This program is non-exclusive and is similar to other programs offered and have been previously approved by the Board.

ALTERNATIVE ACTION(S):

The Board may deny the request of CMFA with respect to their proposed PACE program. Other programs have been approved by the Board and may be available to property owners wanting to participate in such a program.

FISCAL IMPACT:

There is no Net County Cost related to the recommended actions. County costs related to this program will be reimbursed by CMFA.

DISCUSSION:

The CMFA is a Joint Powers Authority formed to assist local governments, non-profit organizations and businesses by promoting economic, cultural and community development, with the financing of economic development and charitable activities throughout California. To date, over 230 municipalities have become members of the CMFA.

As part of its economic and community development, the CMFA along with its current Program Administrators, Energy Efficient Equity ("E3") for residential properties and Structured Finance Associates for commercial properties, are offering PACE financing for residential and commercial property owners in its member territories. The CMFA is expected to issue limited obligation bonds, notes or other forms of indebtedness to fund the projects. The County is not obligated to repay the bonds issued by CMFA or to pay the voluntary contractual assessments levied on the participating properties. The County will not incur any cost or involvement, and there are no administrative responsibilities, marketing obligations, or financial exposures to the County.

PACE is a way to finance energy efficiency, water efficiency, and renewable energy upgrades for residential and commercial buildings. Property owners who participate in the program repay the loans through a voluntary contractual assessment collected together with their property taxes. That means the assessments levied by CMFA would have equal priority with the County's general property taxes. (Government Code § 53935.) The loan is attached to the property rather than belonging to an individual. Therefore, when the owner sells the property, the loan may be paid off during the sale or stay with the property and be paid off by the new owner, who might also benefit from the upgrades that were completed.

CFMA has obtained a final judgment in a validation action establishing that its bonds and voluntary contractual assessments are valid under California law, including Proposition 218.

The proposed Resolution authorizes the CMFA to accept applications from owners of property within the unincorporated territory of the County for municipal financing of authorized improvements through the CMFA Program. It also authorizes The CMFA to conduct voluntary contractual assessment proceedings and levy voluntary contractual assessments against the property of participating owners within the incorporated territory of the County. The proposed Resolution provides that the voluntary contractual assessments will not be included in the County's Teeter Plan.

The proposed Resolution also requires CMFA to sign a reimbursement agreement for the County's collection costs, which must include a provision requiring the Authority to indemnify the County for liability in connection with CMFA's levy of any voluntary contractual assessments within the County. Cities in Fresno County may also approve the levy of voluntary contractual assessments by CMFA and the agreement would cover the costs of collection for those assessments.

The Board of Directors of the California Foundation for Stronger Communities, a California non-profit public benefit corporation (the "Foundation"), acts as the Board of Directors for the CMFA. Through its conduit issuance activities, the CMFA shares a portion of the issuance fees it receives with its member communities and donates a portion of these issuance fees to the Foundation for the support of local charities. With respect to the County, it is expected that that a portion of the issuance fee will be granted by the CMFA to the general fund of the County. Such grant may be used for any lawful purpose of the County. The proposed Resolution includes approval and acceptance of all donations from CMFA to the General Fund of the County. A similar amount will be donated by the CMFA to a non-profit organization in the County.

REFERENCE MATERIAL:

BAI #23 - August 19, 2014

BAI #26 - March 24, 2015

BAI #31 - March 1, 2016

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Resolution

On file with Clerk - Agreement

CAO ANALYST:

John Hays