

AMENDED IN ASSEMBLY MAY 10, 2011

AMENDED IN ASSEMBLY APRIL 25, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 893

Introduced by Assembly Member V. Manuel Pérez

February 17, 2011

An act to amend Sections 16724, 63010, 63021.5, 63022, 63024, 63035, 63040, and 63050 of, and to add ~~Section 63037~~ *Sections 63027.3 and 63037* to, the Government Code, relating to state government, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 893, as amended, V. Manuel Pérez. State government: California infrastructure and economic development bank.

(1) Existing law, the State General Obligation Bond Law, contains procedures for use in authorizing the issuance and sale and providing for the repayment of state general obligation bonds. The State General Obligation Bond Law requires that a bond act include various provisions.

This bill would incorporate a requirement into the State General Obligation Bond Law that a bond act include a provision that includes a plan on how the bond will be administered, including outreach and oversight, to ensure that the objectives of the bond act will be adhered to.

(2) Existing law establishes the California Infrastructure and Economic Development Bank in the Business, Transportation and Housing Agency. ~~The board of directors of the bank consists of, among others, the Secretary of State and Consumer Services, or their designee. Existing law requires 3 members of the board to constitute a quorum~~

~~and to take action. Existing law imposes certain duties and grants certain powers to the executive director of the bank. Existing law establishes the California Infrastructure and Economic Development Bank Fund in the State Treasury, and requires that moneys in that fund are only used for specified purposes. Existing law authorizes the bank to carry out certain projects, as defined. Existing law authorizes a sponsor, defined to include specified state or local government entities, to make an application to the bank for financial assistance in connection with a project in a manner prescribed by the bank, and authorizes the bank to take specified actions to support the sponsor's project.~~

This bill would revise the definition of projects. This bill would expand the definition of sponsor to also include a federally recognized Indian tribe.

(3) Existing law requires that the board of directors of the bank consists of certain members, and is subject to certain voting and quorum requirements.

This bill would alter the membership of the board of the directors of the bank by ~~removing and~~ adding certain members. ~~This bill would also impose term limits on certain members of the board.~~ This bill would also require 4 members of the board to constitute a quorum and to take action.

(4) Existing law sets forth the duties of the California Infrastructure and Economic Development Bank. Existing law imposes certain duties and grants certain powers to the executive director of the bank.

This bill would ~~require~~ impose additional duties and grant additional powers to the executive director of the bank ~~to oversee the annual outreach schedule of the bank,~~ as specified. *This bill would also require the bank to participate and help facilitate the California Finance Coordinating Committee.*

(5) Existing law establishes the California Infrastructure and Economic Development Bank Fund in the State Treasury, and requires that moneys in that fund are only used for specified purposes.

This bill would require the bank to provide technical support to small and rural communities in the state in obtaining financing for local infrastructure projects. This bill would establish the Technical Assistance Account in the California Infrastructure and Development Bank Fund, and would continuously appropriate the moneys in the account to the bank to be used to provide technical support to small and rural communities. This bill would authorize the bank to use moneys in the

California Infrastructure and Economic Development Bank Fund to support the Technical Assistance Account.

(3)

(6) Existing law requires the California Infrastructure and Economic Development Bank to submit an annual report to the Governor, and the Joint Legislative Budget Committee, that contains specified requirements.

This bill would require the bank to also submit the report to policy committees of the Legislature that oversee the bank, and would alter the requirements of the report.

(4)

(7) Existing law requires the bank to notify the Governor, the fiscal and policy committees of the Legislature that exercise legislative oversight of the bank, and appropriate state and local agencies, when the bank establishes or makes changes to the criteria, priorities, and guidelines for project selection.

This bill would require the bank to notify the Governor, the fiscal and policy committees of the Legislature that exercise legislative oversight of the bank, and appropriate state and local agencies, 60 days prior to the adoption or modification of criteria, priorities, and guidelines for project selection.

(8) Existing law authorizes the California Infrastructure and Economic Development Bank to issue revenue bonds, or authorize a special purpose trust to issue bonds, for specified purposes and subject to specified requirements.

This bill would also authorize the bank to issue letters of credit, or guarantees of letters of credit subject to specified requirements.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 16724 of the Government Code is
- 2 amended to read:
- 3 16724. The bond act shall contain all of the following
- 4 provisions:
- 5 (a) A statement of the total amount of bonds authorized to be
- 6 issued and the purpose for which the proceeds from the sale of the
- 7 bonds may be used.

1 (b) The creation of a committee and fund, and the naming of
2 the board as these items are defined in Section 16722.

3 (c) A statement that the bonds are valid obligations of the state
4 and a pledge of the full faith and credit of the state for the punctual
5 payment of both principal and interest thereof.

6 (d) An appropriation from the General Fund in the State
7 Treasury of the sum annually as shall be necessary to pay the
8 principal and interest on the bonds as they become due and payable.

9 (e) A requirement that there be collected annually in the same
10 manner and at the same time as other state revenue is collected the
11 sum, in addition to the ordinary revenues of the state, as is required
12 to pay the principal and interest on the bonds; and a provision
13 making it the duty of all officers charged by law with any duty in
14 regard to the collections of the revenue to do and perform each
15 and every act which is necessary to collect that additional sum.

16 (f) If the bond act provides that the fund shall have any receipts
17 other than the proceeds of the sale of bonds, the proceeds of interim
18 financing, or the investment earnings on the proceeds of bond sales
19 or interim financing, then the bond act shall also specify whether
20 those receipts shall be transferred to the General Fund as a
21 reimbursement for debt service payments or be used for the same
22 purpose for which the proceeds of the sale of the bonds may be
23 used.

24 (g) A provision incorporating the provisions of this chapter, and
25 a declaration that the provisions hereof are included in the act as
26 though set out in full therein.

27 (h) A statement that the bonds may be refunded in accordance
28 with Article 6 (commencing with Section 16780), and that approval
29 of the authorization of the bonds by the electors includes approval
30 of any bonds issued to refund the bonds originally issued.

31 (i) A statement that notwithstanding any other provision of the
32 bond act, or of the State General Obligation Bond Law (Chapter
33 4 (commencing with Section 16720) of Part 3 of Division 4 of
34 Title 2 of the Government Code), if the Treasurer sells bonds
35 pursuant to this bond act that include a bond counsel opinion to
36 the effect that the interest on the bonds is excluded from gross
37 income for federal tax purposes under designated conditions, the
38 Treasurer may maintain separate accounts for the bond proceeds
39 invested and the investment earnings on those proceeds, and may
40 use or direct the use of those proceeds or earnings to pay any

1 rebate, penalty, or other payment required under federal law, or
2 take any other action with respect to the investment and use of
3 those bond proceeds, as may be required or desirable under federal
4 law in order to maintain the tax-exempt status of those bonds and
5 to obtain any other advantage under federal law on behalf of the
6 funds of this state.

7 (j) A statement that the board may request the Pooled Money
8 Investment Board to make a loan from the Pooled Money
9 Investment Account, in accordance with Section 16312, for the
10 purposes of carrying out the bond act. The amount of the request
11 shall not exceed the amount of the unsold bonds that the committee
12 has by resolution authorized to be sold for the purpose of carrying
13 out the bond act. The board shall execute any documents required
14 by the Pooled Money Investment Board to obtain and repay the
15 loan. Any amounts loaned shall be deposited in the fund to be
16 allocated by the board in accordance with the bond act.

17 (k) A provision that includes a plan on how the bond act will
18 be administered, including, but not limited to, outreach and
19 oversight, to ensure that the objectives of the bond act will be
20 adhered to.

21 *SEC. 2. Section 63010 of the Government Code is amended to*
22 *read:*

23 63010. For purposes of this division, the following words and
24 terms shall have the following meanings unless the context clearly
25 indicates or requires another or different meaning or intent:

26 (a) “Act” means the Bergeson-Peace Infrastructure and
27 Economic Development Bank Act.

28 (b) “Bank” means the California Infrastructure and Economic
29 Development Bank.

30 (c) “Board” or “bank board” means the Board of Directors of
31 the California Infrastructure and Economic Development Bank.

32 (d) “Bond purchase agreement” means a contractual agreement
33 executed between the bank and a sponsor, or a special purpose
34 trust authorized by the bank or a sponsor, or both, whereby the
35 bank or special purpose trust authorized by the bank agrees to
36 purchase bonds of the sponsor for retention or sale.

37 (e) “Bonds” means bonds, including structured, senior, and
38 subordinated bonds or other securities; loans; notes, including
39 bond, revenue, tax or grant anticipation notes; commercial paper;
40 floating rate and variable maturity securities; and any other

1 evidences of indebtedness or ownership, including certificates of
2 participation or beneficial interest, asset backed certificates, or
3 lease-purchase or installment purchase agreements, whether taxable
4 or excludable from gross income for federal income taxation
5 purposes.

6 (f) “Cost,” as applied to a project or portion thereof financed
7 under this division, means all or any part of the cost of construction,
8 renovation, and acquisition of all lands, structures, real or personal
9 property, rights, rights-of-way, franchises, licenses, easements,
10 and interests acquired or used for a project; the cost of demolishing
11 or removing any buildings or structures on land so acquired,
12 including the cost of acquiring any lands to which the buildings
13 or structures may be moved; the cost of all machinery, equipment,
14 and financing charges; interest prior to, during, and for a period
15 after completion of construction, renovation, or acquisition, as
16 determined by the bank; provisions for working capital; reserves
17 for principal and interest and for extensions, enlargements,
18 additions, replacements, renovations, and improvements; and the
19 cost of architectural, engineering, financial and legal services,
20 plans, specifications, estimates, administrative expenses, and other
21 expenses necessary or incidental to determining the feasibility of
22 any project or incidental to the construction, acquisition, or
23 financing of any project, and transition costs in the case of an
24 electrical corporation.

25 (g) “Economic development facilities” means real and personal
26 property, structures, buildings, equipment, and supporting
27 components thereof that are used to provide industrial, recreational,
28 research, commercial, utility, or service enterprise facilities,
29 community, educational, cultural, or social welfare facilities and
30 any parts or combinations thereof, and all facilities or infrastructure
31 necessary or desirable in connection therewith, including provision
32 for working capital, but shall not include any housing.

33 (h) “Electrical corporation” has the meaning set forth in Section
34 218 of the Public Utilities Code.

35 (i) “Executive director” means the Executive Director of the
36 California Infrastructure and Economic Development Bank
37 appointed pursuant to Section 63021.

38 (j) “Financial assistance” in connection with a project, includes,
39 but is not limited to, any combination of grants, loans, the proceeds
40 of bonds issued by the bank or special purpose trust, insurance,

1 guarantees or other credit enhancements or liquidity facilities, and
2 contributions of money, property, labor, or other things of value,
3 as may be approved by resolution of the board or the sponsor, or
4 both; the purchase or retention of bank bonds, the bonds of a
5 sponsor for their retention or for sale by the bank, or the issuance
6 of bank bonds or the bonds of a special purpose trust used to fund
7 the cost of a project for which a sponsor is directly or indirectly
8 liable, including, but not limited to, bonds, the security for which
9 is provided in whole or in part pursuant to the powers granted by
10 Section 63025; bonds for which the bank has provided a guarantee
11 or enhancement, including, but not limited to, the purchase of the
12 subordinated bonds of the sponsor, the subordinated bonds of a
13 special purpose trust, or the retention of the subordinated bonds
14 of the bank pursuant to Chapter 4 (commencing with Section
15 63060); or any other type of assistance deemed appropriate by the
16 bank or the sponsor, except that no direct loans shall be made to
17 nonpublic entities other than in connection with the issuance of
18 rate reduction bonds pursuant to a financing order or in connection
19 with a financing for an economic development facility.

20 For purposes of this subdivision, “grant” does not include grants
21 made by the bank except when acting as an agent or intermediary
22 for the distribution or packaging of financing available from
23 federal, private, or other public sources.

24 (k) “Financing order” has the meaning set forth in Section 840
25 of the Public Utilities Code.

26 (l) “Guarantee trust fund” means the California Infrastructure
27 Guarantee Trust Fund.

28 (m) “Infrastructure bank fund” means the California
29 Infrastructure and Economic Development Bank Fund.

30 (n) “Loan agreement” means a contractual agreement executed
31 between the bank or a special purpose trust and a sponsor that
32 provides that the bank or special purpose trust will loan funds to
33 the sponsor and that the sponsor will repay the principal and pay
34 the interest and redemption premium, if any, on the loan.

35 (o) “Participating party” means any person, company,
36 corporation, association, state or municipal governmental entity,
37 partnership, firm, or other entity or group of entities, whether
38 organized for profit or not for profit, engaged in business or
39 operations within the state and that applies for financing from the
40 bank in conjunction with a sponsor for the purpose of implementing

1 a project. However, in the case of a project relating to the financing
2 of transition costs or the acquisition of transition property, or both,
3 on the request of an electrical corporation, or in connection with
4 a financing for an economic development facility, or for the
5 financing of insurance claims, the participating party shall be
6 deemed to be the same entity as the sponsor for the financing.

7 (p) “Project” means designing, acquiring, planning, permitting,
8 entitling, constructing, improving, extending, restoring, financing,
9 and generally developing public development facilities or economic
10 development facilities within the state or financing transition costs
11 or the acquisition of transition property, or both, upon approval of
12 a financing order by the Public Utilities Commission, as provided
13 in Article 5.5 (commencing with Section 840) of Chapter 4 of Part
14 1 of Division 1 of the Public Utilities Code. “*Project*” also includes
15 any predevelopment or redevelopment costs associated with any
16 project described in the preceding sentence.

17 (q) “Public development facilities” means real and personal
18 property, structures, conveyances, equipment, thoroughfares,
19 buildings, and supporting components thereof, excluding any
20 housing, that are directly related to providing the following:

21 (1) “City streets” including any street, avenue, boulevard, road,
22 parkway, drive, or other way that is any of the following:

23 (A) An existing municipal roadway.

24 (B) Is shown upon a plat approved pursuant to law and includes
25 the land between the street lines, whether improved or unimproved,
26 and may comprise pavement, bridges, shoulders, gutters, curbs,
27 guardrails, sidewalks, parking areas, benches, fountains, plantings,
28 lighting systems, and other areas within the street lines, as well as
29 equipment and facilities used in the cleaning, grading, clearance,
30 maintenance, and upkeep thereof.

31 (2) “County highways” including any county highway as defined
32 in Section 25 of the Streets and Highways Code, that includes the
33 land between the highway lines, whether improved or unimproved,
34 and may comprise pavement, bridges, shoulders, gutters, curbs,
35 guardrails, sidewalks, parking areas, benches, fountains, plantings,
36 lighting systems, and other areas within the street lines, as well as
37 equipment and facilities used in the cleaning, grading, clearance,
38 maintenance, and upkeep thereof.

39 (3) “Drainage, water supply, and flood control” including, but
40 not limited to, ditches, canals, levees, pumps, dams, conduits,

1 pipes, storm sewers, and dikes necessary to keep or direct water
2 away from people, equipment, buildings, and other protected areas
3 as may be established by lawful authority, as well as the
4 acquisition, improvement, maintenance, and management of
5 floodplain areas and all equipment used in the maintenance and
6 operation of the foregoing.

7 (4) “Educational facilities” including libraries, child care
8 facilities, including, but not limited to, day care facilities, and
9 employment training facilities.

10 (5) “Environmental mitigation measures” including required
11 construction or modification of public infrastructure and purchase
12 and installation of pollution control and noise abatement
13 equipment.

14 (6) “Parks and recreational facilities” including local parks,
15 recreational property and equipment, parkways and property.

16 (7) “Port facilities” including docks, harbors, ports of entry,
17 piers, ships, small boat harbors and marinas, and any other
18 facilities, additions, or improvements in connection therewith.

19 (8) “Power and communications” including facilities for the
20 transmission or distribution of electrical energy, natural gas, and
21 telephone and telecommunications service.

22 (9) “Public transit” including air and rail transport of goods,
23 airports, guideways, vehicles, rights-of-way, passenger stations,
24 maintenance and storage yards, and related structures, including
25 public parking facilities, equipment used to provide or enhance
26 transportation by bus, rail, ferry, or other conveyance, either
27 publicly or privately owned, that provides to the public general or
28 special service on a regular and continuing basis.

29 (10) “Sewage collection and treatment” including pipes, pumps,
30 and conduits that collect wastewater from residential,
31 manufacturing, and commercial establishments, the equipment,
32 structures, and facilities used in treating wastewater to reduce or
33 eliminate impurities or contaminants, and the facilities used in
34 disposing of, or transporting, remaining sludge, as well as all
35 equipment used in the maintenance and operation of the foregoing.

36 (11) “Solid waste collection and disposal” including vehicles,
37 vehicle-compatible waste receptacles, transfer stations, recycling
38 centers, sanitary landfills, and waste conversion facilities necessary
39 to remove solid waste, except that which is hazardous as defined
40 by law, from its point of origin.

1 (12) “Water treatment and distribution” including facilities in
2 which water is purified and otherwise treated to meet residential,
3 manufacturing, or commercial purposes and the conduits, pipes,
4 and pumps that transport it to places of use.

5 (13) “Defense conversion” including, but not limited to, facilities
6 necessary for successfully converting military bases consistent
7 with an adopted base reuse plan.

8 (14) “Public safety facilities” including, but not limited to, police
9 stations, fire stations, court buildings, jails, juvenile halls, and
10 juvenile detention facilities.

11 (15) “State highways” including any state highway as described
12 in Chapter 2 (commencing with Section 230) of Division 1 of the
13 Streets and Highways Code, and the related components necessary
14 for safe operation of the highway.

15 (16) (A) Military infrastructure, including, but not limited to,
16 facilities on or near a military installation, that enhance the military
17 operations and mission of one or more military installations in this
18 state. To be eligible for funding, the project shall be endorsed by
19 the Office of Military and Aerospace Support established pursuant
20 to Section 13998.2.

21 (B) For purposes of this subdivision, “military installation”
22 means any facility under the jurisdiction of the Department of
23 Defense, as defined in paragraph (1) of subsection (e) of Section
24 2687 of Title 10 of the United States Code.

25 (r) “Rate reduction bonds” has the meaning set forth in Section
26 840 of the Public Utilities Code.

27 (s) “Revenues” means all receipts, purchase payments, loan
28 repayments, lease payments, and all other income or receipts
29 derived by the bank or a sponsor from the sale, lease, or other
30 financing arrangement undertaken by the bank, a sponsor or a
31 participating party, including, but not limited to, all receipts from
32 a bond purchase agreement, and any income or revenue derived
33 from the investment of any money in any fund or account of the
34 bank or a sponsor and any receipts derived from transition property.
35 Revenues shall not include moneys in the General Fund of the
36 state.

37 (t) “Special purpose trust” means a trust, partnership, limited
38 partnership, association, corporation, nonprofit corporation, or
39 other entity authorized under the laws of the state to serve as an
40 instrumentality of the state to accomplish public purposes and

1 authorized by the bank to acquire, by purchase or otherwise, for
2 retention or sale, the bonds of a sponsor or of the bank made or
3 entered into pursuant to this division and to issue special purpose
4 trust bonds or other obligations secured by these bonds or other
5 sources of public or private revenues. Special purpose trust also
6 means any entity authorized by the bank to acquire transition
7 property or to issue rate reduction bonds, or both, subject to the
8 approvals by the bank and powers of the bank as are provided by
9 the bank in its resolution authorizing the entity to issue rate
10 reduction bonds.

11 (u) “Sponsor” means any subdivision of the state or local
12 government including departments, agencies, commissions, cities,
13 counties, nonprofit corporations formed on behalf of a sponsor,
14 special districts, assessment districts, and joint powers authorities
15 within the state or any combination of these subdivisions that
16 makes an application to the bank for financial assistance in
17 connection with a project in a manner prescribed by the bank. *A*
18 *sponsor also means a federally recognized Indian tribe with lands*
19 *that are surrounded by the state and that makes an application to*
20 *the bank for financial assistance in connection with a project in*
21 *a manner prescribed by the bank.* This definition shall not be
22 construed to require that an applicant have an ownership interest
23 in the project. In addition, an electrical corporation shall be deemed
24 to be the sponsor as well as the participating party for any project
25 relating to the financing of transition costs and the acquisition of
26 transition property on the request of the electrical corporation and
27 any person, company, corporation, partnership, firm, or other entity
28 or group engaged in business or operation within the state that
29 applies for financing of any economic development facility, shall
30 be deemed to be the sponsor as well as the participating party for
31 the project relating to the financing of that economic development
32 facility.

33 (v) “State” means the State of California.

34 (w) “Transition costs” has the meaning set forth in Section 840
35 of the Public Utilities Code.

36 (x) “Transition property” has the meaning set forth in Section
37 840 of the Public Utilities Code.

38 (y) “*California Finance Coordinating Committee*” means a
39 *group of state and federal agencies which administer one or more*
40 *infrastructure financing or grant programs. The members of the*

1 *committee work collaboratively to facilitate and expedite the*
2 *development of infrastructure projects by helping interested parties*
3 *identify and combine the resources of various state and federal*
4 *financing sources with other financing options.*

5 ~~SEC. 2.~~

6 SEC. 3. Section 63021.5 of the Government Code is amended
7 to read:

8 63021.5. (a) The bank shall be governed and its corporate
9 power exercised by a board of directors that shall consist of the
10 following persons:

11 (1) The Director of Finance or his or her designee.

12 (2) The Treasurer or his or her designee.

13 (3) The Secretary of Business, Transportation and Housing or
14 his or her designee, who shall serve as chair of the board.

15 ~~(4) An appointee of the Governor.~~

16 ~~(5) (A) (i) A representative from the economic development~~
17 ~~community appointed by the Speaker of the Assembly.~~

18 ~~(ii) A representative from the business community appointed~~
19 ~~by the Senate Committee on Rules.~~

20 ~~(B) Appointments by the Speaker of the Assembly and the~~
21 ~~Senate Committee on Rules shall be for two-year terms. Appointees~~
22 ~~may be reappointed for no more than two terms.~~

23 ~~(4) Four appointees of the Governor, one representing~~
24 ~~construction trades, one being a business professional, one being~~
25 ~~a certified economic development practitioner, and one general~~
26 ~~member of the public.~~

27 (6) The chairpersons of the Senate and Assembly policy
28 committees that oversee infrastructure and economic development
29 issues, as determined by the Speaker of the Assembly and the
30 Senate Committee on Rules, shall serve as ex officio nonvoting
31 members of the board.

32 (b) Any designated director shall serve at the pleasure of the
33 designating power.

34 (c) Four of the members shall constitute a quorum and the
35 affirmative vote of four board members shall be necessary for any
36 action to be taken by the board.

37 (d) A member of the board shall not participate in any bank
38 action or attempt to influence any decision or recommendation by
39 any employee of, or consultant to, the bank that involves a sponsor
40 of which he or she is a representative or in which the member or

1 a member of his or her immediate family has a personal financial
2 interest within the meaning of Section 87100. For purposes of this
3 section, “immediate family” means the spouse, children, and
4 parents of the member.

5 (e) Except as provided in this subdivision, the members of the
6 board shall serve without compensation, but shall be reimbursed
7 for actual and necessary expenses incurred in the performance of
8 their duties to the extent that reimbursement for these expenses is
9 not otherwise provided or payable by another public agency, and
10 shall receive one hundred dollars (\$100) for each full day of
11 attending meetings of the authority.

12 ~~SEC. 3.~~

13 *SEC. 4.* Section 63022 of the Government Code is amended
14 to read:

15 63022. The executive director shall manage and conduct the
16 business and affairs of the bank, the infrastructure bank fund, and
17 guarantee trust fund, subject to the direction of the board. The
18 executive director shall oversee the annual outreach schedule of
19 the bank to ensure that outreach is coordinated with other similar
20 federal and state infrastructure development resources. Except as
21 otherwise provided in this section, the board may assign to the
22 executive director, by resolution, those duties generally necessary
23 or convenient to carry out its powers and purposes under this
24 chapter. Any action involving final approval of any bonds, notes,
25 or loans shall require the approval of a majority of the members
26 of the board. Subject to any conditions that the board may from
27 time to time prescribe, the executive director may exercise any
28 power, function, or duty conferred by law on the bank in
29 connection with the administration, management, and conduct of
30 the business and affairs of the bank, the infrastructure bank fund,
31 and the guarantee trust fund.

32 *SEC. 5.* Section 63024 of the Government Code is amended to
33 read:

34 63024. (a) The executive director may contract with the
35 Department of Finance, the State Department of Health Services,
36 the Department of Transportation, the Department of Water
37 Resources, the California Integrated Waste Management Board,
38 the State Water Resources Control Board, the Governor’s Office
39 of Planning and Research, and any other necessary agencies,

1 persons, or firms to enable the agency to properly perform the
2 duties imposed by this division.

3 *(b) The executive director may contract with any state or local*
4 *agency to underwrite, or otherwise assist, that entity to implement*
5 *an economic, community, or infrastructure development program*
6 *or project to the extent that these activities are consistent with this*
7 *division.*

8 *(c) The executive director shall, in a timely and cost effective*
9 *manner, enter into memorandums of understanding with related*
10 *financing programs for the purpose of expediting the approval*
11 *and packaging of infrastructure financing.*

12 *(d) The bank shall participate and help facilitate, to the extent*
13 *that funding is available, the California Finance Coordinating*
14 *Committee, or similar or successor committee that has the same*
15 *functions, the members of which work collaboratively to facilitate*
16 *and expedite the development of infrastructure projects by helping*
17 *interested parties identify and combine the resources of various*
18 *state and federal financing sources with other financing options.*

19 SEC. 6. Section 63027.3 is added to the Government Code, to
20 read:

21 63027.3. *(a) The bank may issue letters of credit, or guarantees*
22 *for letters of credit, to secure and make more attractive to capital*
23 *markets revenue bonds issued pursuant to this chapter.*

24 *(b) The bank may fix the premium of letters of credit, or*
25 *guarantees for letters of credit, at any rate or rates that the bank*
26 *determines to be reasonable. These rate or rates need not be*
27 *uniform, and may reflect any risks and classifications of risk as*
28 *the bank determines to be reasonable.*

29 *(c) The bank may exercise those other powers as are necessary*
30 *or incidental to letters of credit or guarantees of letters of credit,*
31 *and related matters.*

32 *(d) The bank shall make reasonable provision for the security*
33 *of letters of credit, or guarantees of letters of credit, or any other*
34 *letter of credit financing arrangements negotiated by the bank.*

35 *(e) (1) Letters of credit or guarantees for letters of credit issued*
36 *pursuant to this section do not constitute a debt or liability of the*
37 *state or of any political subdivision thereof, other than the bank*
38 *or a special purpose trust, and do not constitute a pledge of the*
39 *full faith and credit of the state or any of its political subdivisions,*
40 *other than the bank or special purpose trust, but are payable solely*

1 *from the funds provided therefor under this chapter and shall be*
2 *consistent with Sections 1 and 18 of Article XVI of the California*
3 *Constitution.*

4 (2) *All the letters of credit shall contain on the face thereof a*
5 *statement to the following effect:*

6
7 *“Neither the full faith and credit nor the taxing power of the*
8 *State of California is pledged to the payment of the principal of,*
9 *or interest on, this letter of credit.”*

10
11 (3) *All the guarantees for letters of credit shall contain on the*
12 *face thereof a statement to the following effect:*

13
14 *“Neither the full faith and credit nor the taxing power of the*
15 *State of California is pledged to the payment of the principal of,*
16 *or interest on, this guarantee for a letter of credit.”*

17
18 (4) *The issuance of letters of credit or guarantees for letters of*
19 *credit pursuant to this section shall not directly or indirectly or*
20 *contingently obligate the state or any political subdivision thereof*
21 *to levy or to pledge any form of taxation therefor or to make any*
22 *appropriation for their payment. This section shall not prevent,*
23 *or be construed to prevent, the bank from pledging the full faith*
24 *and credit of the infrastructure bank fund to the payment of letters*
25 *of credit or guarantees for letters of credit or issuance of letters*
26 *of credit or guarantees for letters of credit authorized pursuant to*
27 *this section.*

28 ~~SEC. 4.~~

29 SEC. 7. Section 63035 of the Government Code is amended
30 to read:

31 63035. The bank shall, not later than November 1 of each year,
32 submit to the Governor, the policy committees of the Legislature
33 that exercise legislative oversight of the bank, and the Joint
34 Legislative Budget Committee a report of its activities pursuant
35 to this division for the preceding fiscal year. The report shall
36 include all of the following:

37 (a) (1) A listing of applications accepted, including a description
38 of the expected employment impact of each project. The expected
39 employment impact shall detail the amount of jobs created,
40 retained, and indirectly impacted.

1 (2) A separate summary of applications for the Infrastructure
 2 State Revolving Fund Program, including a summary of the number
 3 of preliminary applications that did not receive funding and the
 4 reason the applicant did not qualify.

5 (3) A list of public outreach activities engaged in during the
 6 year, including outcomes.

7 (b) A specification of bonds sold and interest rates thereon.

8 (c) The amount of other public and private funds leveraged by
 9 the assistance provided.

10 (d) A report of revenues and expenditures for the preceding
 11 fiscal year, including all of the bank’s costs. The information
 12 provided pursuant to this subdivision shall include, but need not
 13 be limited to, both of the following:

14 (1) The amount and source of total bank revenues. Revenues
 15 shall be shown by main categories of revenues, including interest
 16 earnings, fees collected, and bond proceeds, for each bank program.

17 (2) The amount and type of total bank expenditures.
 18 Expenditures shall be shown by major categories of expenditures,
 19 including loans provided, debt service payments, and program
 20 support costs, for each bank program.

21 (e) A projection of the bank’s needs and requirements for the
 22 coming year.

23 (f) Recommendations for changes in state and federal law
 24 necessary to meet the objectives of this division.

25 ~~SEC. 5.~~

26 *SEC. 8.* Section 63037 is added to the Government Code, to
 27 read:

28 63037. (a) The bank shall provide technical support to small
 29 and rural communities in the state in obtaining financing for local
 30 infrastructure projects.

31 (b) For purposes of this section, “technical support” means
 32 assisting communities in developing strategic plans, writing grants,
 33 applying for public and private loans and guarantees, issuing bonds,
 34 and other activities directly related to obtaining funding for
 35 infrastructure projects. Technical assistance in this regard shall
 36 include extended interaction with a community throughout the
 37 financing process, and shall be encouraged to maximize
 38 public-private partnerships to the extent possible.

39 ~~(e) The bank shall develop a competitive process for selecting~~
 40 ~~communities to be assisted under this section, based on~~

1 ~~infrastructure need and community readiness to undertake the~~
2 ~~infrastructure project. First priority shall be given to projects that~~
3 ~~remediate severe health and safety problems. Second priority shall~~
4 ~~be given to projects that promote economic development. Third~~
5 ~~priority shall be given to projects that promote general health and~~
6 ~~safety. The bank shall make every effort to widely advertise the~~
7 ~~availability of the services provided by this section and encourage~~
8 ~~applications from historically underserved communities.~~

9 ~~(d) The bank shall provide for no fewer than three professional~~
10 ~~positions and one staff position to implement this section.~~

11 ~~(e)~~

12 (c) (1) Funds to support the services provided by this section
13 related to assisting communities in obtaining the proceeds of bonds
14 authorized pursuant to Section 1 of Article XVI of the California
15 Constitution, and transferred pursuant to subdivision (c) of Section
16 63050, shall be deposited in the Technical Assistance Account,
17 which is hereby created in the California Infrastructure and
18 Economic Development Bank Fund. Notwithstanding Section
19 13340, moneys in the account are continuously appropriated to
20 the bank in amounts representing the pro rata share of each source
21 of funds, and moneys transferred pursuant to subdivision (c) of
22 Section 63050 shall not be used for any other purpose than the
23 furtherance of the purpose of the respective bond acts by this
24 section.

25 (2) Other funds, *including those funds received pursuant to*
26 *subdivision (g) or Section 63024*, excluding General Fund revenues,
27 may be deposited in the Technical Assistance Account and may
28 be used to provide technical assistance to communities for
29 infrastructure projects financed with funding sources other than
30 those authorized pursuant to Section 1 of Article XVI of the
31 California Constitution.

32 ~~(f)~~

33 (d) The bank shall individually track each funding source and
34 its use to ensure that all funding conditions are met and that only
35 eligible communities and eligible purposes are authorized.

36 ~~(g)~~

37 (e) The bank may contract with other state agencies, local
38 agencies, or federal authorities for the purpose of providing
39 technical support to small and rural communities in the state
40 pursuant to this section.

1 ~~SEC. 6.~~

2 *SEC. 9.* Section 63040 of the Government Code is amended
3 to read:

4 63040. (a) Following consultation with appropriate state and
5 local agencies, the bank shall establish criteria, priorities, and
6 guidelines for the selection of projects to receive assistance from
7 the bank. Projects shall comply with the criteria, priorities, and
8 guidelines adopted by the bank.

9 (b) The criteria, priorities, and guidelines shall, at a minimum,
10 be based upon the following:

11 (1) The State Environmental Goals and Policy Report, or its
12 successor, approved pursuant to Article 5 (commencing with
13 Section 65041) of Chapter 1.5 of Division 1 of Title 7. This
14 requirement shall not apply if the update to the report is more than
15 two years overdue.

16 (2) If the sponsor is a state agency, board, commission, or
17 department, the Capital and Infrastructure Project Planning Report,
18 prepared by the Director of Finance pursuant to Article 2
19 (commencing with Section 13100) of Chapter 2 of Part 3 of
20 Division 3 of Title 2.

21 (c) When the bank proposes to establish or modify changes to
22 the criteria, priorities, and guidelines, the bank shall notify the
23 Governor, the fiscal and policy committees of the Legislature that
24 exercise legislative oversight of the bank, and appropriate state
25 and local agencies 60 days prior to the adoption or modification.

26 (d) The resolution required in Section 63041 shall have been
27 adopted prior to the project’s selection by the bank.

28 ~~SEC. 7.~~

29 *SEC. 10.* Section 63050 of the Government Code is amended
30 to read:

31 63050. (a) There is hereby created in the State Treasury the
32 California Infrastructure and Economic Development Bank Fund
33 for the purpose of implementing the objectives and provisions of
34 this division. Within the fund there shall also be established a
35 Sponsor Revenue Bond Account, a Participating Party Revenue
36 Bond Account, a State Infrastructure Revolving Account, a
37 ~~technical~~ *Technical* Assistance Account, and additional accounts
38 and subaccounts that the bank may establish from time to time.

39 (b) Notwithstanding Section 13340 and except as provided in
40 subdivision (c), all moneys in the infrastructure bank fund are

1 continuously appropriated without regard to fiscal years for the
2 support of the bank and shall be available for expenditure for the
3 purposes stated in this division.

4 (c) Moneys in the infrastructure bank fund shall be available
5 for expenditure for general administration only upon appropriation
6 by the Legislature. This subdivision shall not limit the authority
7 of the bank to expend funds directly related to the servicing of
8 approved debt. Moneys in the fund shall be available for the
9 purpose of general administration of the authority only upon
10 appropriation by the Legislature, but not more than 5 percent of
11 any bond proceeds administered by the authority may be expended
12 to cover the costs of issuance, as that terminology is defined under
13 Section 147 (G) of the Internal Revenue Code. Moneys in the fund
14 shall be available for the purpose of providing technical support
15 to small and rural communities in the state pursuant to Section
16 63037.

17 (d) Notwithstanding any other provision of this division, not
18 more than 15 percent of the financing annually approved by the
19 executive director that utilizes state funds from the infrastructure
20 bank fund may be expended upon educational facilities,
21 environmental mitigation measures, and parks and recreational
22 facilities.

23 (e) The executive director may transfer funds between the
24 infrastructure bank fund and the guarantee trust fund when
25 appropriate to accomplish the financing objectives of this division.

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