

ASSEMBLY BILL

No. 1272

Introduced by Assembly Member Medina

February 22, 2013

An act to amend Sections 63000, 63010, and 63025.1 of the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 1272, as introduced, Medina. California Infrastructure and Economic Development Bank.

Existing law creates the California Infrastructure and Economic Development Bank and provides that it shall be directed by an executive appointed by the Governor and confirmed by the Senate and governed by a specified board of directors. Existing law makes findings and declarations in this regard, provides definitions, and authorizes the board to take various actions in connection with the bank, including the issuance of bonds, as specified.

This bill, among other things, would revise the definition of economic development facilities to include facilities that are used to provide goods movement and would define goods movement-related infrastructure. The bill would revise the definition of port facilities to specifically reference airports, landports, waterports, and railports. The bill would authorize the bank to join or formally participate in regional, state, national, or international organizations related to infrastructure financing and would permit the bank to serve as a facilitator of an infrastructure financing project that could or would be located in California, regardless as to whether the bank would be funding a portion of the project. The bill would revise the statement of legislative findings and declarations described above and make various technical changes.

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

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

1 SECTION 1. Section 63000 of the Government Code is
2 amended to read:
3 63000. The Legislature finds and declares the following:
4 (a) Economic revitalization, future development, and a healthy
5 climate for jobs in California will depend upon a well-conceived
6 system of public improvements that are essential to the economic
7 well-being of the citizens of the state and are necessary to maintain,
8 as well as create, employment within the state for business.
9 (b) It is necessary for public policy to support the efforts of
10 businesses attempting to expand, businesses seeking to locate in
11 California, and local economic development organizations, public
12 agencies, and new entrepreneurs by dedicating public fiscal
13 resources to confront obstacles and barriers that impede economic
14 growth.
15 (c) Existing mechanisms that coordinate federal, state, local,
16 and private financial resources are inadequate to attract and sustain
17 that level of private investment that is essential to a growth
18 economy.
19 (d) In order to secure and enhance the economic well-being of
20 Californians, promote economic development in the state, and
21 provide a healthy climate for the creation of jobs, it is necessary
22 for public policy to support the efforts of expanding businesses,
23 businesses seeking to locate in California, local development
24 organizations, public bodies, and new entrepreneurs to gain access
25 to capital through current and potential operations of financial
26 markets.
27 (e) The high cost and the lack of availability of industrial loans
28 for small- and medium-size businesses is making it difficult for
29 thousands of these enterprises to get established, to maintain their
30 present employment levels, or to expand employment.
31 (f) The problem of access to capital is acute in the high
32 technology industry clusters because companies must often finance
33 large capital expenditures early in their development cycle, and
34 cannot obtain financing sufficient to cover the cost of those

1 expenditures. Consideration should be given to industry clusters
2 that may include the following:
3 (1) Health care technology.
4 (2) Multimedia.
5 (3) Environmental technology.
6 (4) Information technology.
7 (g) The high cost and limited availability of loans and capital
8 has led a number of states to take action to remedy these conditions
9 through concerted public and private investment programs that
10 include efforts to do the following:
11 (1) Use the state's access to capital markets more effectively
12 for economic development.
13 (2) Create financing pools to access national *and international*
14 capital markets or help government sponsors and public-private
15 economic development organizations obtain credit enhancement
16 on their own.
17 (3) Facilitate credit enhancement for selected specific projects.
18 (4) Provide or arrange for loan insurance.
19 (5) Create and support secondary markets for loan portfolios of
20 urban and rural economic development corporations and others.
21 (6) Improve access to international capital markets.
22 (7) Provide opportunities for public pension funds and other
23 institutional investors to play a larger role in state economic
24 development.
25 (8) Arrange for or provide subordinated debt for selected
26 projects.
27 (9) Increase support for local, *regional, and state* infrastructure
28 development.
29 *(10) Improve access to global markets by supporting*
30 *manufacturing-linked goods and movement-related infrastructure*
31 *within state, national, and international transportation corridors.*
32 (h) Local governments in California bear a primary
33 responsibility for the business of promoting job creation and
34 economic development efforts. California's continued reliance on
35 autonomous local entities often fails to adequately consider regional
36 impacts of business expansion. Projects of a regional nature need
37 the benefit of a state coordinating function to augment and enhance
38 local economic development and environmental efforts.

1 (i) The State of California has not embarked on a major
2 infrastructure financing effort since the decade of the ~~1960's~~ *1960s*,
3 despite persistent unemployment and soaring population growth.

4 (j) California's ability to compete in a global economy depends
5 upon its capacity to implement policies that take maximum
6 advantage of public and private resources at the local, regional,
7 state, and national levels. These policies should be coordinated
8 with any future legislative plan involving growth management
9 strategies designed to make economic growth compatible with
10 environmental protections. It is the intent of the Legislature in
11 enacting this act to create a mechanism to finance projects needed
12 to implement economic development and job creation and growth
13 management strategies, and to provide a secure and stable funding
14 source for implementation of this act in order to meet critical
15 economic, social, and environmental concerns.

16 (k) The State of California needs a financing entity structured
17 with broad authority to issue bonds, provide guarantees, and
18 leverage state and federal funds using techniques that will target
19 public investment to facilitate *private sector* economic development
20 growth. The goal is *to expand private sector investment within the*
21 *state and to produce more private sector jobs with less public sector*
22 *investment.*

23 (l) The mechanisms for financing public improvements and
24 private job creation strategies provided for in this act are in the
25 public interest, serve a public purpose, and will promote the health,
26 welfare, and safety of the citizens of the state.

27 (m) The public policies and responsibilities of the state,
28 including all of the above purposes and functions, cannot be fully
29 obtained without the use of financing assistance and can be most
30 effectively furthered by the creation of the California Infrastructure
31 and Economic Development Bank.

32 SEC. 2. Section 63010 of the Government Code is amended
33 to read:

34 63010. For purposes of this division, the following words and
35 terms shall have the following meanings unless the context clearly
36 indicates or requires another or different meaning or intent:

37 (a) "Act" means the Bergeson-Peace Infrastructure and
38 Economic Development Bank Act.

39 (b) "Bank" means the California Infrastructure and Economic
40 Development Bank.

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

3 (d) “Bond purchase agreement” means a contractual agreement
4 executed between the bank and a sponsor, or a special purpose
5 trust authorized by the bank or a sponsor, or both, whereby the
6 bank or special purpose trust authorized by the bank agrees to
7 purchase bonds of the sponsor for retention or sale.

8 (e) “Bonds” means bonds, including structured, senior, and
9 subordinated bonds or other securities; loans; notes, including
10 bond, revenue, tax, or grant anticipation notes; commercial paper;
11 floating rate and variable maturity securities; and any other
12 evidences of indebtedness or ownership, including certificates of
13 participation or beneficial interest, asset backed certificates, or
14 lease-purchase or installment purchase agreements, whether taxable
15 or excludable from gross income for federal income taxation
16 purposes.

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

36 (g) “Economic development facilities” means real and personal
37 property, structures, buildings, equipment, and supporting
38 components thereof that are used to provide industrial, recreational,
39 research, commercial, utility, *goods movement*, or service enterprise
40 facilities, community, educational, cultural, or social welfare

1 facilities and any parts or combinations thereof, and all facilities
2 or infrastructure necessary or desirable in connection therewith,
3 including provision for working capital, but shall not include any
4 housing.

5 (h) “Electrical corporation” has the meaning set forth in Section
6 218 of the Public Utilities Code.

7 (i) “Executive director” means the Executive Director of the
8 California Infrastructure and Economic Development Bank
9 appointed pursuant to Section 63021.

10 (j) “Financial assistance” in connection with a project, includes,
11 but is not limited to, any combination of grants, loans, the proceeds
12 of bonds issued by the bank or special purpose trust, insurance,
13 guarantees or other credit enhancements or liquidity facilities, and
14 contributions of money, property, labor, or other things of value,
15 as may be approved by resolution of the board or the sponsor, or
16 both; the purchase or retention of bank bonds, the bonds of a
17 sponsor for their retention or for sale by the bank, or the issuance
18 of bank bonds or the bonds of a special purpose trust used to fund
19 the cost of a project for which a sponsor is directly or indirectly
20 liable, including, but not limited to, bonds, the security for which
21 is provided in whole or in part pursuant to the powers granted by
22 Section 63025; bonds for which the bank has provided a guarantee
23 or enhancement, including, but not limited to, the purchase of the
24 subordinated bonds of the sponsor, the subordinated bonds of a
25 special purpose trust, or the retention of the subordinated bonds
26 of the bank pursuant to Chapter 4 (commencing with Section
27 63060); or any other type of assistance deemed appropriate by the
28 bank or the sponsor, except that no direct loans shall be made to
29 nonpublic entities other than in connection with the issuance of
30 rate reduction bonds pursuant to a financing order or in connection
31 with a financing for an economic development facility.

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

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

38 (l) “Guarantee trust fund” means the California Infrastructure
39 Guarantee Trust Fund.

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

3 (n) “Loan agreement” means a contractual agreement executed
4 between the bank or a special purpose trust and a sponsor that
5 provides that the bank or special purpose trust will loan funds to
6 the sponsor and that the sponsor will repay the principal and pay
7 the interest and redemption premium, if any, on the loan.

8 (o) “Participating party” means any person, company,
9 corporation, association, state or municipal governmental entity,
10 partnership, firm, or other entity or group of entities, whether
11 organized for profit or not for profit, engaged in business or
12 operations within the state and that applies for financing from the
13 bank in conjunction with a sponsor for the purpose of implementing
14 a project. However, in the case of a project relating to the financing
15 of transition costs or the acquisition of transition property, or both,
16 on the request of an electrical corporation, or in connection with
17 a financing for an economic development facility, or for the
18 financing of insurance claims, the participating party shall be
19 deemed to be the same entity as the sponsor for the financing.

20 (p) “Project” means designing, acquiring, planning, permitting,
21 entitling, constructing, improving, extending, restoring, financing,
22 and generally developing public development facilities or economic
23 development facilities within the state or financing transition costs
24 or the acquisition of transition property, or both, upon approval of
25 a financing order by the Public Utilities Commission, as provided
26 in Article 5.5 (commencing with Section 840) of Chapter 4 of Part
27 1 of Division 1 of the Public Utilities Code.

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

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

34 (A) An existing municipal roadway.

35 (B) Is shown upon a plat approved pursuant to law and includes
36 the land between the street lines, whether improved or unimproved,
37 and may comprise pavement, bridges, shoulders, gutters, curbs,
38 guardrails, sidewalks, parking areas, benches, fountains, plantings,
39 lighting systems, and other areas within the street lines, as well as

1 equipment and facilities used in the cleaning, grading, clearance,
2 maintenance, and upkeep thereof.

3 (2) “County highways” including any county highway as defined
4 in Section 25 of the Streets and Highways Code, that includes the
5 land between the highway lines, whether improved or unimproved,
6 and may comprise pavement, bridges, shoulders, gutters, curbs,
7 guardrails, sidewalks, parking areas, benches, fountains, plantings,
8 lighting systems, and other areas within the street lines, as well as
9 equipment and facilities used in the cleaning, grading, clearance,
10 maintenance, and upkeep thereof.

11 (3) “Drainage, water supply, and flood control” including, but
12 not limited to, ditches, canals, levees, pumps, dams, conduits,
13 pipes, storm sewers, and dikes necessary to keep or direct water
14 away from people, equipment, buildings, and other protected areas
15 as may be established by lawful authority, as well as the
16 acquisition, improvement, maintenance, and management of
17 floodplain areas and all equipment used in the maintenance and
18 operation of the foregoing.

19 (4) “Educational facilities” including libraries, child care
20 facilities, including, but not limited to, day care facilities, and
21 employment training facilities.

22 (5) “Environmental mitigation measures” including required
23 construction or modification of public infrastructure and purchase
24 and installation of pollution control and noise abatement
25 equipment.

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

28 (7) “Port facilities” including *airports, landports, waterports,*
29 *railports,* docks, harbors, ports of entry, piers, ships, small boat
30 harbors and marinas, and any other facilities, additions, or
31 improvements in connection therewith, *that transport goods and*
32 *persons.*

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

36 (9) “Public transit” including air and rail transport ~~of goods,~~
37 airports, guideways, vehicles, rights-of-way, passenger stations,
38 maintenance and storage yards, and related structures, including
39 public parking facilities, *and* equipment used to provide or enhance
40 transportation by bus, rail, ferry, or other conveyance, either

1 publicly or privately owned, that provides to the public general or
2 special service on a regular and continuing basis.

3 (10) “Sewage collection and treatment” including pipes, pumps,
4 and conduits that collect wastewater from residential,
5 manufacturing, and commercial establishments, the equipment,
6 structures, and facilities used in treating wastewater to reduce or
7 eliminate impurities or contaminants, and the facilities used in
8 disposing of, or transporting, remaining sludge, as well as all
9 equipment used in the maintenance and operation of the foregoing.

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

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

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

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

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

29 (16) (A) ~~Military infrastructure,~~ “*Military infrastructure,*”
30 including, but not limited to, facilities on or near a military
31 installation, that enhance the military operations and mission of
32 one or more military installations in this state. ~~To be eligible for
33 funding, the project shall be endorsed by the Office of Military
34 and Aerospace Support established pursuant to Section 13998.2.~~

35 (B) For purposes of this subdivision, “military installation”
36 means any facility under the jurisdiction of the Department of
37 Defense, as defined in paragraph (1) of subsection (e) of Section
38 2687 of Title 10 of the United States Code.

1 (17) “Goods movement-related infrastructure” including port
2 facilities, roads, rail, and other facilities and projects that move
3 goods, energy, and information.

4 (r) “Rate reduction bonds” has the meaning set forth in Section
5 840 of the Public Utilities Code.

6 (s) “Revenues” means all receipts, purchase payments, loan
7 repayments, lease payments, and all other income or receipts
8 derived by the bank or a sponsor from the sale, lease, or other
9 financing arrangement undertaken by the bank, a sponsor, or a
10 participating party, including, but not limited to, all receipts from
11 a bond purchase agreement; and any income or revenue derived
12 from the investment of any money in any fund or account of the
13 bank or a sponsor and any receipts derived from transition property.
14 Revenues shall not include moneys in the General Fund of the
15 state.

16 (t) “Special purpose trust” means a trust, partnership, limited
17 partnership, association, corporation, nonprofit corporation, or
18 other entity authorized under the laws of the state to serve as an
19 instrumentality of the state to accomplish public purposes and
20 authorized by the bank to acquire, by purchase or otherwise, for
21 retention or sale, the bonds of a sponsor or of the bank made or
22 entered into pursuant to this division and to issue special purpose
23 trust bonds or other obligations secured by these bonds or other
24 sources of public or private revenues. Special purpose trust also
25 means any entity authorized by the bank to acquire transition
26 property or to issue rate reduction bonds, or both, subject to the
27 approvals by the bank and powers of the bank as are provided by
28 the bank in its resolution authorizing the entity to issue rate
29 reduction bonds.

30 (u) “Sponsor” means any subdivision of the state or local
31 government including departments, agencies, commissions, cities,
32 counties, nonprofit corporations formed on behalf of a sponsor,
33 special districts, assessment districts, and joint powers authorities
34 within the state or any combination of these subdivisions that
35 makes an application to the bank for financial assistance in
36 connection with a project in a manner prescribed by the bank. This
37 definition shall not be construed to require that an applicant have
38 an ownership interest in the project. In addition, an electrical
39 corporation shall be deemed to be the sponsor as well as the
40 participating party for any project relating to the financing of

1 transition costs and the acquisition of transition property on the
2 request of the electrical corporation and any person, company,
3 corporation, partnership, firm, or other entity or group engaged in
4 business or operation within the state that applies for financing of
5 any economic development facility, shall be deemed to be the
6 sponsor as well as the participating party for the project relating
7 to the financing of that economic development facility.

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

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

11 (x) “Transition property” has the meaning set forth in Section
12 840 of the Public Utilities Code.

13 SEC. 3. Section 63025.1 of the Government Code is amended
14 to read:

15 63025.1. The bank board may do or delegate the following to
16 the executive director:

17 (a) Sue and be sued in its own name.

18 (b) As provided in Chapter 5 (commencing with Section 63070),
19 issue bonds and authorize special purpose trusts to issue bonds,
20 including, at the option of the board, bonds bearing interest that
21 is taxable for the purpose of federal income taxation, or borrow
22 money to pay all or any part of the cost of any project, or to
23 otherwise carry out the purposes of this division.

24 (c) Engage the services of private consultants to render
25 professional and technical assistance and advice in carrying out
26 the purposes of this division.

27 (d) Employ attorneys, financial consultants, and other advisers
28 as may, in the bank’s judgment, be necessary in connection with
29 the issuance and sale, or authorization of special purpose trusts for
30 the issuance and sale, of any bonds, notwithstanding Sections
31 11042 and 11043.

32 (e) Contract for engineering, architectural, accounting, or other
33 services of appropriate state agencies as may, in its judgment, be
34 necessary for the successful development of a project.

35 (f) Pay the reasonable costs of consulting engineers, architects,
36 accountants, and construction, land use, recreation, and
37 environmental experts employed by any sponsor or participating
38 party if, in the bank’s judgment, those services are necessary for
39 the successful development of a project.

1 (g) Acquire, take title to, and sell by installment sale or
 2 otherwise, lands, structures, real or personal property, rights,
 3 rights-of-way, franchises, easements, and other interests in lands
 4 that are located within the state, or transition property as the bank
 5 may deem necessary or convenient for the financing of the project,
 6 upon terms and conditions that it considers to be reasonable.

7 (h) Receive and accept from any source, including, but not
 8 limited to, the federal government, the state, or any agency thereof,
 9 loans, contributions, or grants, in money, property, labor, or other
 10 things of value, for, or in aid of, a project, or any portion thereof.

11 (i) Make loans to any sponsor or participating party, either
 12 directly or by making a loan to a lending institution, in connection
 13 with the financing of a project in accordance with an agreement
 14 between the bank and the sponsor or a participating party, either
 15 as a sole lender or in participation with other lenders. However,
 16 no loan shall exceed the total cost of the project as determined by
 17 the sponsor or the participating party and approved by the bank.

18 (j) Make loans to any sponsor or participating party, either
 19 directly or by making a loan to a lending institution, in accordance
 20 with an agreement between the bank and the sponsor or
 21 participating party to refinance indebtedness incurred by the
 22 sponsor or participating party in connection with projects
 23 undertaken and completed prior to any agreement with the bank
 24 or expectation that the bank would provide financing, either as a
 25 sole lender or in participation with other lenders.

26 (k) Mortgage all or any portion of the bank’s interest in a project
 27 and the property on which any project is located, whether owned
 28 or thereafter acquired, including the granting of a security interest
 29 in any property, tangible or intangible.

30 (l) Assign or pledge all or any portion of the bank’s interests in
 31 transition property and the revenues therefrom, or assets, things
 32 of value, mortgages, deeds of trust, bonds, bond purchase
 33 agreements, loan agreements, indentures of mortgage or trust, or
 34 similar instruments, notes, and security interests in property,
 35 tangible or intangible and the revenues therefrom, of a sponsor or
 36 a participating party to which the bank has made loans, and the
 37 revenues therefrom, including payment or income from any interest
 38 owned or held by the bank, for the benefit of the holders of bonds.

39 (m) Make, receive, or serve as a conduit for the making of, or
 40 otherwise provide for, grants, contributions, guarantees, insurance,

1 credit enhancements or liquidity facilities, or other financial
2 enhancements to a sponsor or a participating party as financial
3 assistance for a project.

4 (n) Lease the project being financed to a sponsor or a
5 participating party, upon terms and conditions that the bank deems
6 proper but shall not be leased at a loss; charge and collect rents
7 therefor; terminate any lease upon the failure of the lessee to
8 comply with any of the obligations thereof; include in any lease,
9 if desired, provisions that the lessee shall have options to renew
10 the lease for a period or periods, and at rents determined by the
11 bank; purchase any or all of the project; or, upon payment of all
12 the indebtedness incurred by the bank for the financing of the
13 project, the bank may convey any or all of the project to the lessee
14 or lessees.

15 (o) Charge and equitably apportion among sponsors and
16 participating parties the bank's administrative costs and expenses
17 incurred in the exercise of the powers and duties conferred by this
18 division.

19 (p) Issue, obtain, or aid in obtaining, from any department or
20 agency of the United States, from other agencies of the state, or
21 from any private company, any insurance or guarantee to, or for,
22 the payment or repayment of interest or principal, or both, or any
23 part thereof, on any loan, lease, or obligation or any instrument
24 evidencing or securing the same, made or entered into pursuant to
25 this division.

26 (q) Notwithstanding any other provision of this division, enter
27 into any agreement, contract, or any other instrument with respect
28 to any insurance or guarantee; accept payment in the manner and
29 form as provided therein in the event of default by a sponsor or a
30 participating party; and issue or assign any insurance or guarantee
31 as security for the bank's bonds.

32 (r) Enter into any agreement or contract, execute any instrument,
33 and perform any act or thing necessary or convenient to, directly
34 or indirectly, secure the bank's bonds, the bonds issued by a special
35 purpose trust, or a sponsor's obligations to the bank or to a special
36 purpose trust, including, but not limited to, bonds of a sponsor
37 purchased by the bank or a special purpose trust for retention or
38 sale, with funds or moneys that are legally available and that are
39 due or payable to the sponsor by reason of any grant, allocation,
40 apportionment or appropriation of the state or agencies thereof, to

1 the extent that the Controller shall be the custodian at any time of
2 these funds or moneys, or with funds or moneys that are or will
3 be legally available to the sponsor, the bank, or the state or any
4 agencies thereof by reason of any grant, allocation, apportionment,
5 or appropriation of the federal government or agencies thereof;
6 and in the event of written notice that the sponsor has not paid or
7 is in default on its obligations to the bank or a special purpose
8 trust, direct the Controller to withhold payment of those funds or
9 moneys from the sponsor over which it is or will be custodian and
10 to pay the same to the bank or special purpose trust or their
11 assignee, or direct the state or any agencies thereof to which any
12 grant, allocation, apportionment or appropriation of the federal
13 government or agencies thereof is or will be legally available to
14 pay the same upon receipt by the bank or special purpose trust or
15 their assignee, until the default has been cured and the amounts
16 then due and unpaid have been paid to the bank or special purpose
17 trust or their assignee, or until arrangements satisfactory to the
18 bank or special purpose trust have been made to cure the default.

19 (s) Enter into any agreement or contract, execute any instrument,
20 and perform any act or thing necessary, convenient, or appropriate
21 to carry out any power expressly given to the bank by this division,
22 including, but not limited to, agreements for the sale of all or any
23 part, including principal, interest, redemption rights or any other
24 rights or obligations, of bonds of the bank or of a special purpose
25 trust, liquidity agreements, contracts commonly known as interest
26 rate swap agreements, forward payment conversion agreements,
27 futures or contracts providing for payments based on levels of, or
28 changes in, interest rates or currency exchange rates, or contracts
29 to exchange ~~cash-flows~~ *cashflows* or a series of payments, or
30 contracts, including options, puts or calls to hedge payments, rate,
31 spread, currency exchange, or similar exposure, or any other
32 financial instrument commonly known as a structured financial
33 product.

34 (t) Purchase, with the proceeds of the bank's bonds, transition
35 property or bonds issued by, or for the benefit of, any sponsor in
36 connection with a project, pursuant to a bond purchase agreement
37 or otherwise. Bonds or transition property purchased pursuant to
38 this division may be held by the bank, pledged or assigned by the
39 bank, or sold to public or private purchasers at public or negotiated
40 sale, in whole or in part, separately or together with other bonds

1 issued by the bank, and notwithstanding any other provision of
2 law, may be bought by the bank at private sale.

3 (u) Enter into purchase and sale agreements with all entities,
4 public and private, including state and local government pension
5 funds, with respect to the sale or purchase of bonds or transition
6 property.

7 (v) Invest any moneys held in reserve or sinking funds, or any
8 moneys not required for immediate use or disbursement, in
9 obligations that are authorized by law for the investment of trust
10 funds in the custody of the Treasurer.

11 (w) Authorize a special purpose trust or trusts to purchase or
12 retain, with the proceeds of the bonds of a special purpose trust,
13 transition property or bonds issued by, or for the benefit of, any
14 sponsor in connection with a project or issued by the bank or a
15 special purpose trust, pursuant to a bond purchase agreement or
16 otherwise. Bonds or transition property purchased pursuant to this
17 title may be held by a special purpose entity, pledged or assigned
18 by a special purpose entity, or sold to public or private purchasers
19 at public or negotiated sale, in whole or in part, with or without
20 structuring, subordination or credit enhancement, separately or
21 together with other bonds issued by a special purpose trust, and
22 notwithstanding any other provision of law, may be bought by the
23 bank or by a special purpose trust at private sale.

24 (x) Approve the issuance of any bonds, notes, or other evidences
25 of indebtedness by the Rural Economic Development Infrastructure
26 Panel, established pursuant to Section 15373.7.

27 (y) Approve the issuance of rate reduction bonds by an entity
28 other than the bank or a special purpose trust to acquire transition
29 property upon approval of the transaction in a financing order by
30 the Public Utilities Commission, as provided in Article 5.5
31 (commencing with Section 840) of Chapter 4 of Part 1 of Division
32 1 of the Public Utilities Code.

33 (z) Apply for and accept subventions, grants, loans, advances,
34 and contributions from any source of money, property, labor, or
35 other things of value. The sources may include bond proceeds,
36 dedicated taxes, state appropriations, federal appropriations, federal
37 grant and loan funds, public and private sector retirement system
38 funds, and proceeds of loans from the Pooled Money Investment
39 Account.

1 (aa) Do all things necessary and convenient to carry out its
2 purposes and exercise its powers, provided, however, that nothing
3 herein shall be construed to authorize the bank to engage directly
4 in the business of a manufacturing, industrial, real estate
5 development, or nongovernmental service enterprise. Further, the
6 bank shall not be organized to accept deposits of money for time
7 or demand deposits or to constitute a bank or trust company.
8 (ab) *Join or formally participate in regional, state, national, or*
9 *international organizations related to infrastructure financing.*
10 *Due to the bank's financial expertise, in participating in any of*
11 *these organizations, the bank may serve as facilitator of an*
12 *infrastructure financing project that could or would be located in*
13 *California, regardless as to whether the bank would be funding a*
14 *portion of the project.*