

AMENDED IN SENATE APRIL 15, 1997

SENATE BILL

No. 1184

Introduced by Senator Thompson

February 28, 1997

An act to amend ~~Section 63000~~ of Sections 63000, 63010, 63021, 63025.1, 63026, 63055, and 63071 of, to amend and renumber Sections 63042 and 63048 of, to amend and renumber the headings of Article 4 (commencing with Section 63042) and Article 6 (commencing with Section 63048) of Chapter 2 of Division 1 of Title 6.7 of, to add Sections 63027, 63028, 63037, 63084, 63085, 63086, and 63087 to, to repeal Section 63001 of, to repeal Article 3 (commencing with Section 63040) of Chapter 2 of Division 1 of Title 6.7 of, to repeal the heading of Article 1 (commencing with Section 63050) of Chapter 3 of Division 1 of Title 6.7 of, to repeal Part 10.2 (commencing with Section 15710) of Division 3 of Title 2 of, and to repeal and add Article 5 (commencing with Section 63043) of Chapter 2 of Division 1 of Title 6.7 of, the Government Code, relating to state infrastructure.

LEGISLATIVE COUNSEL'S DIGEST

SB 1184, as amended, M. Thompson. California Infrastructure and Economic Development Bank.

~~Under~~

(1) Under the Bergeson-Peace Infrastructure and Economic Development Bank Act, the California Infrastructure and Economic Development Bank is ~~authorized~~ established within state government with a board of directors having specified duties. The act authorizes the

~~bank authorized~~ to make secured loans and undertake related activities for the purpose of financing projects, as defined, that relate to infrastructure improvements.

~~This bill would state a finding and declaration by the Legislature that the bank shall serve as the administration's consolidated "one stop shop" for dealing with this state's public and private infrastructure needs, eliminate duplication in decisionmaking, and create a single contact point for the Trade and Commerce Agency's infrastructure financing activities.~~

The bill would define "economic development facilities" and "public development facilities," and revise the definition of "sponsor," for the purposes of the act. This bill would specify that the bank is within the Trade and Commerce Agency and its executive director is to be appointed by, and serve at the pleasure of, the Secretary of Trade and Commerce.

This bill would revise the authority of the bank board of directors with regard to the duties it may perform or delegate to the executive director. This bill would also revise the authority of the bank to perform various functions, including, among other things, providing insurance or reinsurance of loans or their debt service, providing financing for public development facilities, as defined, and issuing revenue bonds. This bill would also require the legislative body of the sponsor applying for financing to make specified findings prior to submitting a project for bank consideration.

This bill would specify that documentary materials or data made or received by any member or employee of the bank that consists of trade secrets or commercial or financial information, as specified, shall not be deemed a public record and would authorize discussions regarding the trade secrets or commercial or financial information to be held by the board or the board in executive sessions closed to the public.

(2) Existing law establishes the California Economic Development and Financing Authority within the Trade and Commerce Agency to perform various activities in providing or arranging for the financing of specified economic development projects.



This bill would repeal the California Economic Development and Financing Authority, but would require the bank to assume and perform all the responsibilities of that authority.

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~~

2 *SECTION 1. Part 10.2 (commencing with Section*
3 *15710) of Division 3 of Title 2 of the Government Code is*
4 *repealed.*

5 *SEC. 2. Section 63000 of the Government Code is*
6 *amended to read:*

7 63000. The Legislature finds and declares the
8 following:

9 (a) Economic revitalization, future development, and
10 a healthy climate for jobs in California will depend upon
11 a well-conceived system of public improvements that are
12 essential to the economic well-being of the citizens of the
13 state and are necessary to maintain, as well as create,
14 employment within the state for business.

15 (b) It is necessary for public policy to support the
16 efforts of businesses attempting to expand, businesses
17 seeking to locate in California, and local economic
18 development organizations, public agencies, and new
19 entrepreneurs by dedicating public fiscal resources to
20 confront obstacles and barriers that impede economic
21 growth.

22 (c) Existing mechanisms that coordinate federal,
23 state, local, and private financial resources are
24 inadequate to attract and sustain that level of private
25 investment that is essential to a growth economy.

26 (d) *In order to secure and enhance the economic*
27 *well-being of Californians, promote economic*
28 *development in the state, and provide a healthy climate*
29 *for the creation of jobs, it is necessary for public policy to*
30 *support the efforts of expanding businesses, businesses*
31 *seeking to locate in California, local development*



1 *organizations, public bodies, and new entrepreneurs to*
2 *gain access to capital through current and potential*
3 *operations of financial markets.*

4 *(e) The high cost and the lack of availability of*
5 *industrial loans for small and medium size businesses is*
6 *making it difficult for thousands of these enterprises to*
7 *get established, to maintain their present employment*
8 *levels, or to expand employment.*

9 (f) The high cost and limited availability of loans and
10 capital has led a number of states to take action to remedy
11 these conditions through concerted public and private
12 investment programs that include efforts to do the
13 following:

14 (1) Use the state's access to capital markets more
15 effectively for economic development.

16 (2) Create financing pools to access national capital
17 markets or help government sponsors and public-private
18 economic development organizations obtain credit
19 enhancement on their own.

20 (3) Facilitate credit enhancement for selected specific
21 projects.

22 (4) Provide or arrange for loan insurance.

23 (5) Create and support secondary markets for loan
24 portfolios of urban and rural economic development
25 corporations and others.

26 (6) Improve access to international capital markets.

27 (7) Provide opportunities for public pension funds and
28 other institutional investors to play a larger role in state
29 economic development.

30 (8) Arrange for or provide subordinated debt for
31 selected projects.

32 (9) Increase support for local infrastructure
33 development.

34 ~~(e)~~

35 (g) Local governments in California bear a primary
36 responsibility for the business of promoting job creation
37 and economic development efforts. California's
38 continued reliance on autonomous local entities often
39 fails to adequately consider regional impacts of business
40 expansion. Projects of a regional nature need the benefit



1 of a state coordinating function to augment and enhance
2 local economic development and environmental efforts.

3 ~~(f)~~

4 (h) The State of California has not embarked on a
5 major infrastructure financing effort since the decade of
6 the 1960's, despite persistent unemployment and soaring
7 population growth.

8 ~~(g)~~

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

23 ~~(h)~~

24 (j) The State of California needs a financing entity
25 structured with broad authority to issue bonds, provide
26 guarantees, and leverage state and federal funds using
27 techniques that will target public investment to facilitate
28 economic development. The goal is to produce more
29 private sector jobs with less public sector investment.

30 ~~(i)~~

31 (k) The mechanisms for financing public
32 improvements and private job creation strategies
33 provided for in this act are in the public interest, serve a
34 public purpose, and will promote the health, welfare, and
35 safety of the citizens of the state.

36 ~~(j)~~

37 (l) The public policies and responsibilities of the state,
38 including all of the above purposes and functions, cannot
39 be fully obtained without the use of financing assistance
40 and can be most effectively furthered by the creation of



1 the California Infrastructure and Economic
2 Development Bank.

3 *SEC. 3. Section 63001 of the Government Code is*
4 *repealed.*

5 ~~63001. It is not the intent of this act to supersede the~~
6 ~~existing process for approving industrial development~~
7 ~~bonds or establish a process for approving industrial~~
8 ~~development bonds separate from that currently~~
9 ~~established in Title 10 (commencing with Section 91500).~~

10 *SEC. 4. Section 63010 of the Government Code is*
11 *amended to read:*

12 63010. For purposes of this division, the following
13 words and terms shall have the following meanings unless
14 the context clearly indicates or requires another or
15 different meaning or intent:

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

18 (b) “Bank” means the California Infrastructure and
19 Economic Development Bank.

20 (c) “Board” or “bank board” means the board of
21 directors of the California Infrastructure and Economic
22 Development Bank.

23 (d) “Bond purchase agreement” means a contractual
24 agreement executed between the bank and a sponsor, or
25 a special purpose trust authorized by the bank or a
26 sponsor, or both, whereby the bank or special purpose
27 trust authorized by the bank agrees to purchase bonds of
28 the sponsor for retention or sale.

29 (e) “Bonds” means bonds, including structured,
30 senior, and subordinated bonds or other securities; loans;
31 notes, including bond, revenue, tax or grant anticipation
32 notes; commercial paper; floating rate, and variable
33 maturity securities; and any other evidences of
34 indebtedness or ownership, including certificates of
35 participation or beneficial interest, asset backed
36 certificates, or lease-purchase or installment purchase
37 agreements, whether taxable or excludable from gross
38 income for federal income taxation purposes.

39 (f) “Cost,” as applied to a project or portion thereof
40 financed under this division, means all or any part of the



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

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

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

33 ~~(h)~~

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

37 ~~(i) “Facilities” means real and personal property,~~
38 ~~structures, conveyances, equipment, thoroughfares,~~
39 ~~buildings, and supporting components thereof that are~~
40 ~~directly related to providing the following:~~



1 (1) ~~“City streets” includes any street, avenue,~~
2 ~~boulevard, road, parkway, drive, or other way that is any~~
3 ~~of the following:~~

4 (A) ~~An existing municipal roadway.~~

5 (B) ~~Is shown upon a plat approved pursuant to law and~~
6 ~~includes the land between the street lines, whether~~
7 ~~improved or unimproved, and may comprise pavement,~~
8 ~~bridges, shoulders, gutters, curbs, guardrails, sidewalks,~~
9 ~~parking areas, benches, fountains, plantings, lighting~~
10 ~~systems, and other areas within the street lines, as well as~~
11 ~~equipment and facilities used in the cleaning, grading,~~
12 ~~clearance, maintenance, and upkeep thereof.~~

13 (2) ~~“County highways” includes any county highway~~
14 ~~as defined in Section 25 of the Streets and Highways Code,~~
15 ~~that includes the land between the highway lines,~~
16 ~~whether improved or unimproved, and may comprise~~
17 ~~pavement, bridges, shoulders, gutters, curbs, guardrails,~~
18 ~~sidewalks, parking areas, benches, fountains, plantings,~~
19 ~~lighting systems, and other areas within the street lines,~~
20 ~~as well as equipment and facilities used in the cleaning,~~
21 ~~grading, clearance, maintenance, and upkeep thereof.~~

22 (3) ~~“Drainage and flood control” includes ditches,~~
23 ~~canals, levees, pumps, dams, conduits, pipes, storm~~
24 ~~sewers, and dikes necessary to keep or direct water away~~
25 ~~from people, equipment, buildings, and other protected~~
26 ~~areas as may be established by lawful authority, as well as~~
27 ~~the acquisition, improvement, maintenance, and~~
28 ~~management of floodplain areas and all equipment used~~
29 ~~in the maintenance and operation of the foregoing.~~

30 (4) ~~“Educational facilities” includes libraries, child~~
31 ~~care facilities, including, but not limited to, day care~~
32 ~~facilities, and employment training facilities.~~

33 (5) ~~“Environmental mitigation measures” includes~~
34 ~~required construction or modification of public~~
35 ~~infrastructure and purchase and installation of pollution~~
36 ~~control and noise abatement equipment.~~

37 (6) ~~“Parks and recreational facilities” includes local~~
38 ~~parks, recreational property and equipment, parkways~~
39 ~~and property.~~



1 ~~(7) “Port facilities” includes docks, harbors, ports of~~
2 ~~entry, piers, ships, small boat harbors and marinas, and~~
3 ~~any other facilities, additions, or improvements in~~
4 ~~connection therewith.~~

5 ~~(8) “Communications” includes facilities for~~
6 ~~telephone and telecommunications service.~~

7 ~~(9) “Public transit” includes air and rail transport of~~
8 ~~goods, airports, guideways, vehicles, rights-of-way,~~
9 ~~passenger stations, maintenance and storage yards, and~~
10 ~~related structures, including public parking facilities,~~
11 ~~equipment used to provide or enhance transportation by~~
12 ~~bus, rail, ferry, or other conveyance, either publicly or~~
13 ~~privately owned, that provides to the public general or~~
14 ~~special service on a regular and continuing basis.~~

15 ~~(10) “Sewage collection and treatment” includes~~
16 ~~pipes, pumps, and conduits that collect wastewater from~~
17 ~~residential, manufacturing, and commercial~~
18 ~~establishments, the equipment, structures, and facilities~~
19 ~~used in treating wastewater to reduce or eliminate~~
20 ~~impurities or contaminants, and the facilities used in~~
21 ~~disposing of, or transporting, remaining sludge, as well as~~
22 ~~all equipment used in the maintenance and operation of~~
23 ~~the foregoing.~~

24 ~~(11) “Solid waste collection and disposal” includes~~
25 ~~vehicles, vehicle-compatible waste receptacles, transfer~~
26 ~~stations, recycling centers, sanitary landfills, and waste~~
27 ~~conversion facilities necessary to remove solid waste,~~
28 ~~except that which is hazardous as defined by law, from its~~
29 ~~point of origin.~~

30 ~~(12) “Water treatment and distribution” includes~~
31 ~~facilities in which water is purified and otherwise treated~~
32 ~~to meet residential, manufacturing, or commercial~~
33 ~~purposes and the conduits, pipes, and pumps that~~
34 ~~transport it to places of use.~~

35 ~~(13) “Defense conversion” includes, but is not limited~~
36 ~~to, facilities necessary for successfully converting military~~
37 ~~bases consistent with an adopted base reuse plan.~~

38 ~~(14) “Public safety facilities” includes, but is not~~
39 ~~limited to, police stations, fire stations, court buildings,~~
40 ~~jails, juvenile halls, and juvenile detention facilities.~~



1 ~~(15) “State highways” includes any state highway as~~
2 ~~described in Chapter 2 (commencing with Section 230)~~
3 ~~of Division 1 of the Streets and Highways Code, and the~~
4 ~~related components necessary for safe operation of the~~
5 ~~highway.~~

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

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

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

39 (l) “Guarantee trust fund” means the California
40 Infrastructure 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
4 agreement executed between the bank or a special
5 purpose trust and a sponsor that provides that the bank
6 or special purpose trust will loan funds to the sponsor and
7 that the sponsor will repay the principal and pay the
8 interest and redemption premium, if any, on the loan.

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

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

31 (q) “*Public development facilities*” means *real and*
32 *personal property, structures, conveyances, equipment,*
33 *thoroughfares, buildings, and supporting components*
34 *thereof, but excluding any housing, that are directly*
35 *related to providing the following:*

36 (1) “*City streets*” includes *any street, avenue,*
37 *boulevard, road, parkway, drive, or other way that is any*
38 *of the following:*

39 (A) *An existing municipal roadway.*



1 (B) Is shown upon a plat approved pursuant to law and
2 includes the land between the street lines, whether
3 improved or unimproved, and may comprise pavement,
4 bridges, shoulders, gutters, curbs, guardrails, sidewalks,
5 parking areas, benches, fountains, plantings, lighting
6 systems, and other areas within the street lines, as well as
7 equipment and facilities used in the cleaning, grading,
8 clearance, maintenance, and upkeep thereof.

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

18 (3) “Drainage and flood control” includes ditches,
19 canals, levees, pumps, dams, conduits, pipes, storm
20 sewers, and dikes necessary to keep or direct water away
21 from people, equipment, buildings, and other protected
22 areas as may be established by lawful authority, as well as
23 the acquisition, improvement, maintenance, and
24 management of floodplain areas and all equipment used
25 in the maintenance and operation of the foregoing.

26 (4) “Educational facilities” includes libraries, child
27 care facilities, including, but not limited to, day care
28 facilities, and employment training facilities.

29 (5) “Environmental mitigation measures” includes
30 required construction or modification of public
31 infrastructure and purchase and installation of pollution
32 control and noise abatement equipment.

33 (6) “Parks and recreational facilities” includes local
34 parks, recreational property and equipment, parkways,
35 and property.

36 (7) “Port facilities” includes docks, harbors, ports of
37 entry, piers, ships, small boat harbors and marinas, and
38 any other facilities, additions, or improvements in
39 connection therewith.



1 (8) “Communications” includes facilities for
2 telephone and telecommunications service.

3 (9) “Public transit” includes air and rail transport of
4 goods, airports, guideways, vehicles, rights-of-way,
5 passenger stations, maintenance and storage yards, and
6 related structures, including public parking facilities,
7 equipment used to provide or enhance transportation by
8 bus, rail, ferry, or other conveyance, either publicly or
9 privately owned, that provides to the public general or
10 special service on a regular and continuing basis.

11 (10) “Sewage collection and treatment” includes
12 pipes, pumps, and conduits that collect wastewater from
13 residential, manufacturing, and commercial
14 establishments, the equipment, structures, and facilities
15 used in treating wastewater to reduce or eliminate
16 impurities or contaminants, and the facilities used in
17 disposing of, or transporting, remaining sludge, as well as
18 all equipment used in the maintenance and operation of
19 the foregoing.

20 (11) “Solid-waste collection and disposal” includes
21 vehicles, vehicle-compatible waste receptacles, transfer
22 stations, recycling centers, sanitary landfills, and waste
23 conversion facilities necessary to remove solid waste,
24 except that which is hazardous as defined by law, from its
25 point of origin.

26 (12) “Water treatment and distribution” includes
27 facilities in which water is purified and otherwise treated
28 to meet residential, manufacturing, or commercial
29 purposes and the conduits, pipes, and pumps that
30 transport it to places of use.

31 (13) “Defense conversion” includes, but is not limited
32 to, facilities necessary for successfully converting military
33 bases consistent with an adopted base reuse plan.

34 (14) “Public safety facilities” includes, but is not
35 limited to, police stations, fire stations, court buildings,
36 jails, juvenile halls, and juvenile detention facilities.

37 (15) “State highways” includes any state highway as
38 described in Chapter 2 (commencing with Section 230)
39 of Division 1 of the Streets and Highways Code, and the



1 *related components necessary for safe operation of the*
2 *highway.*

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

5 ~~(t)~~

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

17 ~~(s)~~

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

33 ~~(t)~~

34 (u) “Sponsor” means any subdivision of the state or
35 local government including departments, agencies,
36 commissions, cities, counties, nonprofit corporations
37 formed on behalf of a sponsor, special districts, assessment
38 districts, and joint powers authorities within the state or
39 any combination of these subdivisions that has, or
40 proposes to acquire, an interest in a project and that



1 makes application to the bank for financial assistance in
 2 connection with a project in a manner prescribed by the
 3 bank. In addition, an electrical corporation shall be
 4 deemed to be the sponsor as well as the participating
 5 party for any project relating to the financing of transition
 6 costs and the acquisition of transition property on the
 7 request of the electrical corporation *and any person,*
 8 *company, corporation, partnership, firm, or other entity*
 9 *or group engaged in business or operation within the state*
 10 *that applies for financing of any economic development*
 11 *facility, shall be deemed to be the sponsor as well as the*
 12 *participating party for the project relating to the*
 13 *financing of that economic development facility.*

14 ~~(u)~~

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

16 ~~(v)~~

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

19 ~~(w)~~

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

22 *SEC. 5. Section 63021 of the Government Code is*
 23 *amended to read:*

24 63021. (a) There is within ~~state—government~~ the
 25 ~~California~~ Trade and Commerce Agency the
 26 Infrastructure and Economic Development Bank which
 27 shall be responsible for administering this division.

28 (b) ~~Unless the context requires otherwise, any~~
 29 ~~reference in this division to the California Housing and~~
 30 ~~Infrastructure Finance Agency, or “agency,” shall be~~
 31 ~~construed to refer to the California Infrastructure and~~
 32 ~~Economic Development Bank for the purposes of this~~
 33 ~~division.~~

34 ~~(e)~~The bank shall be under the direction of an
 35 executive director appointed by the ~~Governor~~ Secretary
 36 of Trade and Commerce, and who shall serve at the
 37 pleasure of the ~~Governor~~ Secretary of Trade and
 38 Commerce. ~~The appointment shall be subject to~~
 39 ~~confirmation by the Senate.~~



1 SEC. 6. Section 63025.1 of the Government Code is
2 amended to read:

3 63025.1. The bank board may do or delegate the
4 following to the executive director:

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

6 (b) As provided in Chapter 5 (commencing with
7 Section 63070), issue bonds and authorize special purpose
8 trusts to issue bonds, including, at the option of the board,
9 bonds bearing interest that is taxable for the purpose of
10 federal income taxation, *or borrow money*, to pay all or
11 any part of the cost of any project, *or to otherwise carry*
12 *out the purposes of this division*.

13 (c) Engage the services of private consultants to
14 render professional and technical assistance and advice in
15 carrying out the purposes of this division.

16 (d) Employ attorneys, financial consultants, and other
17 advisers as may, in the bank's judgment, be necessary in
18 connection with the issuance and sale, or authorization of
19 special purpose trusts for the issuance and sale, of any
20 bonds, notwithstanding Sections 11042 and 11043.

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

25 (f) Pay the reasonable costs of consulting engineers,
26 architects, accountants, and construction, land use,
27 recreation, and environmental experts employed by any
28 sponsor or participating party if, in the bank's judgment,
29 those services are necessary for the successful
30 development of a project.

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

38 (h) Receive and accept from any source including, but
39 not limited to, the federal government, the state, or any
40 agency thereof, loans, contributions, or grants, in money,



1 property, labor, or other things of value, for, or in aid of,
2 a project, or any portion thereof.

3 (i) Make ~~secured~~ loans to any sponsor or participating
4 party, *either directly or by making a loan to a lending*
5 *institution*, in connection with the financing of a project
6 in accordance with an agreement between the bank and
7 the sponsor or a participating party, *either as a sole lender*
8 *or in participation with other lenders*. However, no loan
9 shall exceed the total cost of the project as determined by
10 the sponsor or the participating party and approved by
11 the bank.

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

22 (k) Mortgage all or any portion of the bank's interest
23 in a project and the property on which any project is
24 located, whether owned or thereafter acquired,
25 including the granting of a security interest in any
26 property, tangible or intangible.

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

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



1 enhancements or liquidity facilities, or other financial
2 enhancements to a sponsor or a participating party as
3 financial 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
6 bank deems proper but shall not be leased at a loss; charge
7 and collect rents therefor; terminate any lease upon the
8 failure of the lessee to comply with any of the obligations
9 thereof; include in any lease, if desired, provisions that the
10 lessee shall have options to renew the lease for a period
11 or periods, and at rents determined by the bank; purchase
12 any or all of the project; or, upon payment of all the
13 indebtedness incurred by the bank for the financing of
14 the project, the bank may convey any or all of the project
15 to the lessee or lessees.

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

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

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

35 (r) Enter into any agreement or contract, execute any
36 instrument, and perform any act or thing necessary or
37 convenient to, directly or indirectly, secure the bank's
38 bonds, the bonds issued by a special purpose trust, or a
39 sponsor's obligations to the bank or to a special purpose
40 trust, including, but not limited to, bonds of a sponsor



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

28 (s) Enter into any agreement or contract, execute any
29 instrument, and perform any act or thing necessary,
30 convenient, or appropriate to carry out any power
31 expressly given to the bank by this division, including, but
32 not limited to, agreements for the sale of all or any part,
33 including principal, interest, redemption rights or any
34 other rights or obligations, of bonds of the bank or of a
35 special purpose trust, liquidity agreements, contracts
36 commonly known as interest rate swap agreements,
37 forward payment conversion agreements, futures or
38 contracts providing for payments based on levels of, or
39 changes in, interest rates or currency exchange rates, or
40 contracts to exchange cash-flows or a series of payments,



1 or contracts, including options, puts or calls to hedge
2 payments, rate, spread, currency exchange, or similar
3 exposure, or any other financial instrument commonly
4 known as a structured financial product.

5 (t) Purchase, with the proceeds of the bank's bonds,
6 transition property or bonds issued by, or for the benefit
7 of, any sponsor in connection with a project, pursuant to
8 a bond purchase agreement or otherwise. Bonds or
9 transition property purchased pursuant to this ~~part~~
10 *division* may be held by the bank, pledged or assigned by
11 the bank, or sold to public or private purchasers at public
12 or negotiated sale, in whole or in part, separately or
13 together with other bonds issued by the bank, and
14 notwithstanding any other provision of law, may be
15 bought by the bank at private sale.

16 (u) Enter into purchase and sale agreements with all
17 entities, public and private, including state and local
18 government pension funds, with respect to the sale or
19 purchase of bonds or transition property.

20 (v) Invest any moneys held in reserve or sinking funds,
21 or any moneys not required for immediate use or
22 disbursement, in obligations that are authorized by law
23 for the investment of trust funds in the custody of the
24 Treasurer.

25 (w) Authorize a special purpose trust or trusts to
26 purchase or retain, with the proceeds of the bonds of a
27 special purpose trust, transition property or bonds issued
28 by, or for the benefit of, any sponsor in connection with
29 a project or issued by the bank or a special purpose trust,
30 pursuant to a bond purchase agreement or otherwise.
31 Bonds or transition property purchased pursuant to this
32 title may be held by a special purpose entity, pledged or
33 assigned by a special purpose entity, or sold to public or
34 private purchasers at public or negotiated sale, in whole
35 or in part, with or without structuring, subordination or
36 credit enhancement, separately or together with other
37 bonds issued by a special purpose trust, and
38 notwithstanding any other provision of law, may be
39 bought by the bank or by a special purpose trust at private
40 sale.



1 (x) Approve the issuance of any bonds, notes, or other
2 evidences of indebtedness by the ~~California Economic~~
3 ~~Development and Financing Authority~~, established
4 pursuant to ~~Section 15712~~, and the Rural Economic
5 Development Infrastructure Panel, established pursuant
6 to Section 15373.7.

7 (y) Approve the issuance of rate reduction bonds by
8 an entity other than the bank to acquire transition
9 property upon approval of the transaction in a financing
10 order by the Public Utilities Commission, as provided in
11 Article 5.5 (commencing with Section 840) of Chapter 4
12 of Part 1 of Division 1 of the Public Utilities Code.

13 (z) *Apply for and accept subventions, grants, loans,*
14 *advances, and contributions from any source of money,*
15 *property, labor, or other things of value. The sources may*
16 *include bond proceeds, dedicated taxes, state*
17 *appropriations, federal appropriations, federal grant and*
18 *loan funds, public and private sector retirement system*
19 *funds, and proceeds of loans from the Pooled Money*
20 *Investment Account.*

21 (aa) *Do all things necessary and convenient to carry*
22 *out its purposes and exercise its powers, provided,*
23 *however, that nothing herein shall be construed to*
24 *authorize the bank to engage directly in the business of*
25 *a manufacturing, industrial, real estate development, or*
26 *nongovernmental service enterprise. Further, the bank*
27 *shall not be organized to accept deposits of money for*
28 *time or demand deposits or to constitute a bank or trust*
29 *company.*

30 *SEC. 7. Section 63026 of the Government Code is*
31 *amended to read:*

32 63026. The fiscal powers granted to the bank by this
33 part may be exercised without regard or reference to any
34 other department, division, or agency of the state, except
35 the Legislature. This division shall be deemed to provide
36 an alternative method ~~for~~ *of* doing the things authorized
37 by this division, and shall be regarded as supplemental
38 and additional to powers conferred by other laws.

39 *SEC. 8. Section 63027 is added to the Government*
40 *Code, to read:*



1 63027. (a) The bank may provide insurance or
2 reinsurance of loans or portions thereof, or their debt
3 service, including amounts payable as premiums of
4 penalties in the event of mandatory or optional
5 prepayment, made to finance a project, and to provide
6 insurance or reinsurance or reserves, or portions thereof,
7 or the yield therefrom, established to secure bonds issued
8 to fund those loans or reserves.

9 (b) The bank may enter into or arrange agreements
10 for insurance or reinsurance with users, mortgagors,
11 lending institutions, insurers, and others, the bank being
12 authorized to reinsure or cede risks to the insurers in any
13 amounts as the bank may determine and the insurers, if
14 otherwise authorized to reinsure or insure those risks in
15 California, being hereby authorized to reinsure the bank
16 or cede risks to the bank to the same extent as if the bank
17 were a company authorized to reinsure or insure those
18 risks.

19 (c) The bank may fix a rate or rates of premium for
20 insurance or reinsurance, which need not be uniform,
21 and may reflect any risks and classifications of risk as the
22 bank determines to be reasonable.

23 (d) The bank may exercise those other powers as are
24 necessary or incidental to insurance, reinsurance, and
25 related matters.

26 (e) The bank shall make reasonable provisions for the
27 security of loans made by the bank, and any insurance,
28 reinsurance, and other financing arrangements
29 negotiated by the bank.

30 (f) The insurance or reinsurance provided for by the
31 bank shall not constitute a debt or pledge of the faith and
32 credit of the state or any subdivision of the state.

33 SEC. 9. Section 63028 is added to the Government
34 Code, to read:

35 63028. The bank assumes and shall observe, keep, and
36 perform all of the responsibilities, liabilities, and
37 obligations of the former California Economic
38 Development Financing Authority established under
39 Part 10.2 (commencing with Section 15710) of Division 2
40 of Title 2, as it read prior to the effective date of this



1 section, and the assumption of the responsibilities,
2 liabilities, and obligations of the former California
3 Economic Development Financing Authority shall occur
4 without any execution or filing of any paper or any
5 further act. Any reference in any law, contract, bond,
6 indenture, or other document to the former California
7 Economic Development Financing Authority shall be
8 deemed, hereafter, to mean the bank.

9 SEC. 10. Section 63037 is added to the Government
10 Code, to read:

11 63037. Any documentary materials or data
12 whatsoever made or received by any member or
13 employee of the bank and consisting of trade secrets or
14 commercial or financial information regarding the
15 operation of any business conducted by an applicant for
16 any form of assistance that the bank is empowered to
17 render, or regarding the competitive position of an
18 applicant in a particular field of endeavor, shall not be
19 deemed public records of the bank. Any discussion of
20 trade secrets or commercial or financial information may
21 be held by the bank or the board in executive sessions
22 closed to the public. The purpose of any executive session
23 shall be set forth in the official minutes of the bank and
24 no business that is not directly related to that purpose
25 shall be transacted nor shall any vote be taken during the
26 executive sessions.

27 SEC. 11. Article 3 (commencing with Section 63040)
28 of Chapter 2 of Division 1 of Title 6.7 of the Government
29 Code is repealed.

30 SEC. 12. The heading of Article 4 (commencing with
31 Section 63042) of Chapter 2 of Division 1 of Title 6.7 of the
32 Government Code is amended and renumbered to read:

33

34 Article 4. 3. Local Resolution Applying for Bank
35 Financing

36

37 SEC. 13. Section 63042 of the Government Code is
38 amended and renumbered to read:

39 ~~63042.~~—



1 63040. (a) Prior to submitting a project to the bank
2 for consideration, the legislative body or bodies of the
3 sponsor or sponsors of the project shall ~~do all~~ *find, by*
4 *resolution, each* of the following:

5 ~~(1) Provide for public inspection of all supporting~~
6 ~~documentation at least 10 days prior to the public hearing~~
7 ~~required in paragraph (2).~~

8 ~~(2) Find, by resolution passed at a regularly scheduled~~
9 ~~public hearing and based on substantial evidence in the~~
10 ~~record, each of the following:~~

11 ~~(A) The project is consistent with the goals and~~
12 ~~policies contained in the State Environmental Goals and~~
13 ~~Policies Report, or its successor, approved pursuant to~~
14 ~~Article 5 (commencing with Section 65041) of Chapter~~
15 ~~4.5 of Division 1 of Title 7.~~

16 ~~(B) The project is consistent with the general plan of~~
17 ~~both the city and county, or city and county in the case~~
18 ~~of San Francisco, or only the county for projects in~~
19 ~~unincorporated areas, in which the project is located, and~~
20 ~~a capital improvement plan adopted pursuant to Section~~
21 ~~65043 or 66002.~~

22 ~~(C) The supporting material to be submitted to the~~
23 ~~board as required in subparagraph (B) is sufficient to~~
24 ~~substantiate the project.~~

25 ~~(D)~~

26 ~~(2) The proposed financing is appropriate for the~~
27 ~~specific project.~~

28 ~~(E)~~

29 ~~(3) The project facilitates effective and efficient use of~~
30 ~~existing and future public resources so as to promote both~~
31 ~~economic development and conservation of natural~~
32 ~~resources. The project develops and enhances public~~
33 ~~infrastructure in a manner that will attract, create, and~~
34 ~~sustain long-term employment opportunities.~~

35 ~~(F) The general plan substantially complies with the~~
36 ~~requirements of Chapter 3 (commencing with Section~~
37 ~~65100) of Division 1 of Title 7.~~

38 ~~(G) The project meets the current criteria, priorities,~~
39 ~~and guidelines adopted by the infrastructure bank board~~
40 ~~pursuant to Sections 63040 and 63041.~~



1 (b) Upon ~~approval~~ *the adoption* of the resolution in
 2 subdivision (a) by a ~~majority of the voting members of~~
 3 the legislative body, the legislative body shall transmit the
 4 resolution to the executive director of the infrastructure
 5 bank. ~~Except as provided in Section 63043, the bank board~~
 6 ~~may not act on the resolution until 30 days after it receives~~
 7 ~~the resolution.~~

8 (c) ~~In the case where the membership of a legislative~~
 9 ~~body does not consist of a majority of the elected~~
 10 ~~members, the resolution shall also be approved by the~~
 11 ~~appointing authority of each appointed member of that~~
 12 ~~legislative body at a regularly scheduled public hearing.~~

13 *SEC. 14. Article 5 (commencing with Section 63043)*
 14 *of Chapter 2 of Division 1 of Title 6.7 of the Government*
 15 *Code is repealed.*

16 *SEC. 15. Article 5 (commencing with Section 63043)*
 17 *is added to Chapter 2 of Division 1 of Title 6.7 of the*
 18 *Government Code, to read:*

19

20 *Article 5. Financing Public Development Facilities*

21

22 *63043. Notwithstanding any other provision of this*
 23 *division, Article 3 (commencing with Section 63040) and*
 24 *Article 4 (commencing with Section 63042), shall not*
 25 *apply to any conduit financing for economic*
 26 *development facilities by the bank directly for the benefit*
 27 *of a participating party.*

28 *63044. The bank shall consider a project for conduit*
 29 *financing for economic development facilities upon filing*
 30 *of an application with the bank by an appropriate*
 31 *participating party, on the terms and conditions the bank*
 32 *shall determine. The bank shall establish procedures for*
 33 *the expeditious review of applications for the issuance or*
 34 *approval of bonds to finance economic development*
 35 *facilities.*

36 *63045. In order to provide or arrange for the financing*
 37 *of economic development facilities, the bank may:*

38 (a) *Issue taxable revenue bonds pursuant to Chapter*
 39 *5 (commencing with Section 63070) to provide financing*



1 for economic development projects compatible with the
2 public interest as specified in Section 63046.

3 (b) Issue taxable revenue bonds pursuant to Chapter
4 5 (commencing with Section 63070) to provide financing
5 for the revolving loan funds and economic development
6 projects of small business development corporations,
7 local economic development corporations, community
8 development corporations, and nonprofit organizations,
9 which revolving loan funds and economic development
10 projects shall be compatible with the public interest.

11 (c) Issue tax-exempt revenue bonds pursuant to
12 Chapter 5 (commencing with Section 63070) to provide
13 financing for economic development facilities as
14 permitted by federal law and in accordance with
15 applicable California law relating to the distribution of
16 state allocations for private activity bonds. Projects so
17 financed shall be compatible with the public interest as
18 specified in Section 63046.

19 (d) Issue tax-exempt revenue bonds pursuant to
20 Chapter 5 (commencing with Section 63070) for
21 economic development facilities of public sector and
22 nonprofit organizations qualifying for exemption under
23 federal law.

24 63046. No financing shall be made by the bank under
25 this article unless the bank shall have first determined
26 that the financing or assistance meets the following public
27 interest criteria:

28 (a) The financing, loan, grant, or other assistance is for
29 a project or a use in the State of California.

30 (b) Those seeking funds or other assistance are
31 capable of meeting obligations incurred under relevant
32 agreements.

33 (c) In the case of loans or bonds, payments to be made
34 under applicable financing documents are adequate to
35 pay the current expenses of the bank in connection with
36 the financing and to make payments on the bonds.

37 (d) The proposed financing is appropriate for the
38 specific project.

39 63047. (a) Any loan entered into pursuant to this
40 article may contain provisions for payment of a penalty



1 if any recipient of funds under this article leaves this state
2 prior to the completion of the full term of the loan.

3 (b) Projects that the board determines will produce
4 long-term employment creation or retention shall
5 receive first priority for financing.

6 (c) Any recipient of funds under this article that
7 utilizes the funds for construction purposes, shall certify
8 that the contractors are properly licensed by the
9 Contractors' State License Board.

10 (d) The bank shall require that the proposed
11 economic development facilities be consistent with any
12 existing local or regional comprehensive plan.

13 (e) The bank shall develop a policy regarding
14 financing companies that move within this state so as to
15 minimize any displacement of jobs.

16 (f) In addition to any other methods the bank may use
17 to identify economic development projects, the bank
18 shall utilize existing local economic development
19 networks to identify these projects and prepare a plan, in
20 consultation with local economic development networks
21 and their organizations and representatives, to
22 implement this policy.

23 SEC. 16. Article 6 (commencing with Section 63048)
24 of Chapter 2 of Division 1 of Title 6.7 of the Government
25 Code is amended and renumbered to read:

26

27 Article ~~6~~ 4. Financing of Transition Costs

28

29 SEC. 17. Section 63048 of the Government Code is
30 amended and renumbered to read:

31

~~63048.—~~

32 63042. Notwithstanding any other provision of this
33 division, a project for the financing of transition costs and
34 the acquisition of transition property upon the request of
35 an electrical corporation shall be deemed to be in the
36 public interest and eligible for financing by the bank, and
37 Article 3 (commencing with Section 63040), ~~Article 4~~
38 ~~(commencing with Section 63042)~~, and Article 5
39 (commencing with Section 63043), shall not apply to the
40 project or financing. The bank shall consider a project for



1 financing transition costs and the acquisition of transition
2 property upon filing of an application by an appropriate
3 participating party, on the terms and conditions the bank
4 shall determine. The bank shall establish procedures for
5 the expeditious review of applications from electrical
6 corporations for the issuance or approval of rate
7 reduction bonds. The review may be concurrent with the
8 Public Utilities Commission's processing of an application
9 for the pertinent financing order, so as to allow for the
10 issuance of rate reduction bonds as quickly as feasible
11 after the issuance of the pertinent financing order by the
12 Public Utilities Commission. Notwithstanding any other
13 provision of this division, the bank shall have no authority
14 to alter or modify any term or condition related to the
15 transition costs or the transition property as set forth in
16 the pertinent financing order, and shall have no authority
17 over any matter that is subject to the approval of the
18 Public Utilities Commission under Article 5.5
19 (commencing with Section 840) of Chapter 4 of Part 1 of
20 Division 1 of the Public Utilities Code.

21 *SEC. 18. The heading of Article 1 (commencing with*
22 *Section 63050) of Chapter 3 of Division 1 of Title 6.7 of the*
23 *Government Code is repealed.*

24 *SEC. 19. Section 63055 of the Government Code is*
25 *amended to read:*

26 63055. (a) Moneys in the infrastructure bank fund
27 received from the proceeds of bonds issued pursuant to
28 this division may not be transferred to any other fund
29 except as necessary to pay the expenses of operating the
30 program authorized by this division, nor shall the bank
31 utilize any moneys under the direction and control of the
32 ~~agency~~ *California Housing Finance Agency*, including,
33 but not limited to, moneys in the California Housing Loan
34 Insurance Fund and the Housing Finance Fund, other
35 than moneys in the infrastructure bank fund to satisfy
36 liabilities arising from projects authorized by this division.

37 (b) The infrastructure bank fund, on behalf of the
38 bank, may borrow or receive moneys from the bank or
39 from any federal, state, or local agency or private entity,
40 in order to create reserves in the infrastructure bank fund



1 as provided in this division and as authorized by
2 resolution of the board.

3 *SEC. 20. Section 63071 of the Government Code is*
4 *amended to read:*

5 63071. (a) Notwithstanding any other provision of
6 law, but consistent with Sections 1 and 18 of Article XVI
7 of the California Constitution, a sponsor may issue bonds
8 for purchase by the bank pursuant to a bond purchase
9 agreement. The bank may issue bonds or authorize a
10 special purpose trust to issue bonds. These bonds may be
11 issued pursuant to the charter of any city or any city and
12 county that authorized the issuance of these bonds as a
13 sponsor and may also be issued by any sponsor pursuant
14 to the Revenue Bond Law of 1941 (Chapter 6
15 (commencing with Section 54300) of Division 2 of Title
16 5) to pay the costs and expenses pursuant to this title,
17 subject to the following conditions:

18 (1) With the prior approval of the bank, the sponsor
19 may sell these bonds in any manner as it may determine,
20 either by private sale, or by means of competitive bid.

21 (2) Notwithstanding Section 54418, the bonds may be
22 sold at a discount at any rate as the bank and sponsor shall
23 determine.

24 (3) Notwithstanding Section 54402, the bonds shall
25 bear interest at any rate and be payable at any time, as the
26 sponsor shall determine with the consent of the bank.

27 (b) The total amount of bonds that may be outstanding
28 at any one time under this chapter shall not exceed five
29 billion dollars (\$5,000,000,000), exclusive of rate reduction
30 bonds *and bonds issued by the bank pursuant to Article*
31 *5 (commencing with Section 63043) of Chapter 2 to*
32 *finance economic development facilities.* The total
33 amount of rate reduction bonds that may be outstanding
34 at any one time under this chapter shall not exceed ten
35 billion dollars (\$10,000,000,000).

36 (c) Bonds for which moneys or securities have been
37 deposited in trust, in amounts necessary to pay or redeem
38 the principal, interest, and any redemption premium
39 thereon, shall be deemed not to be outstanding for
40 purposes of this section.

1 SEC. 21. Section 63084 is added to the Government
2 Code, to read:

3 63084. (a) Any issue of revenue bonds by the bank
4 may be secured and made more attractive to capital
5 markets through financial instruments, including, but not
6 limited to:

7 (1) Deeds of trust on the resources, facilities, and
8 revenues of the projects.

9 (2) Credit enhancements, including, but not limited
10 to, letters of credit, bond insurance, and surety bonds
11 provided by private financial institutions.

12 (3) Insurance and guarantees provided by the bank
13 itself.

14 (b) The bank may make loans to help establish and
15 support the revolving loan funds of small business
16 development corporations, economic development
17 corporations, community development corporations, and
18 nonprofit corporations. The loans may be made from any
19 appropriate account or subaccount of the California
20 Infrastructure and Economic Development Bank Fund
21 and as determined by the bank.

22 SEC. 22. Section 63085 is added to the Government
23 Code, to read:

24 63085. Whenever the bank deems that it will increase
25 the salability or the price of the bonds to obtain, prior to
26 or after sale, a legal opinion from private counsel as to the
27 validity or tax-exempt nature of the bonds, the bank may
28 obtain a legal opinion. Payment for legal services may be
29 made out of the proceeds of the sale of the bonds.

30 SEC. 23. Section 63086 is added to the Government
31 Code, to read:

32 63086. The bank may employ financial consultants,
33 advisers, and accountants as may be necessary in its
34 judgment in connection with the issuance and sale of any
35 bonds of the bank. Payment for these services may be
36 made out of the proceeds of the sale of the bonds.

37 SEC. 24. Section 63087 is added to the Government
38 Code, to read:

39 63087. Section 10295 and Sections 10335 to 10382,
40 inclusive, of the Public Contract Code shall not apply to



1 *agreements entered into by the bank in connection with*
2 *the sale of bonds or notes authorized under this division.*

3 ~~is amended to read:~~

4 ~~63000. The Legislature finds and declares the~~
5 ~~following:~~

6 ~~(a) Economic revitalization, future development, and~~
7 ~~a healthy climate for jobs in California will depend upon~~
8 ~~a well-conceived system of public improvements that are~~
9 ~~essential to the economic well-being of the citizens of the~~
10 ~~state and are necessary to maintain, as well as create,~~
11 ~~employment within the state for business.~~

12 ~~(b) It is necessary for public policy to support the~~
13 ~~efforts of businesses attempting to expand, businesses~~
14 ~~seeking to locate in California, and local economic~~
15 ~~development organizations, public agencies, and new~~
16 ~~entrepreneurs by dedicating public fiscal resources to~~
17 ~~confront obstacles and barriers that impede economic~~
18 ~~growth.~~

19 ~~(c) Existing mechanisms that coordinate federal,~~
20 ~~state, local, and private financial resources are~~
21 ~~inadequate to attract and sustain that level of private~~
22 ~~investment that is essential to a growth economy.~~

23 ~~(d) The high cost and limited availability of loans and~~
24 ~~capital has led a number of states to take action to remedy~~
25 ~~these conditions through concerted public and private~~
26 ~~investment programs that include efforts to do the~~
27 ~~following:~~

28 ~~(1) Use the state's access to capital markets more~~
29 ~~effectively for economic development.~~

30 ~~(2) Create financing pools to access national capital~~
31 ~~markets or help government sponsors and public-private~~
32 ~~economic development organizations obtain credit~~
33 ~~enhancement on their own.~~

34 ~~(3) Facilitate credit enhancement for selected specific~~
35 ~~projects.~~

36 ~~(4) Provide or arrange for loan insurance.~~

37 ~~(5) Create and support secondary markets for loan~~
38 ~~portfolios of urban and rural economic development~~
39 ~~corporations and others.~~

40 ~~(6) Improve access to international capital markets.~~



1 ~~(7) Provide opportunities for public pension funds and~~
2 ~~other institutional investors to play a larger role in state~~
3 ~~economic development.~~

4 ~~(8) Arrange for or provide subordinated debt for~~
5 ~~selected projects.~~

6 ~~(9) Increase support for local infrastructure~~
7 ~~development.~~

8 ~~(e) Local governments in California bear a primary~~
9 ~~responsibility for the business of promoting job creation~~
10 ~~and economic development efforts. California's~~
11 ~~continued reliance on autonomous local entities often~~
12 ~~fails to adequately consider regional impacts of business~~
13 ~~expansion. Projects of a regional nature need the benefit~~
14 ~~of a state coordinating function to augment and enhance~~
15 ~~local economic development and environmental efforts.~~

16 ~~(f) The State of California has not embarked on a~~
17 ~~major infrastructure financing effort since the decade of~~
18 ~~the 1960's, despite persistent unemployment and soaring~~
19 ~~population growth.~~

20 ~~(g) California's ability to compete in a global economy~~
21 ~~depends upon its capacity to implement policies that take~~
22 ~~maximum advantage of public and private resources at~~
23 ~~the local, regional, state, and national levels. These~~
24 ~~policies should be coordinated with any future legislative~~
25 ~~plan involving growth management strategies designed~~
26 ~~to make economic growth compatible with~~
27 ~~environmental protections. It is the intent of the~~
28 ~~Legislature in enacting this act to create a mechanism to~~
29 ~~finance projects needed to implement economic~~
30 ~~development and job creation and growth management~~
31 ~~strategies, and to provide a secure and stable funding~~
32 ~~source for implementation of this act in order to meet~~
33 ~~critical economic, social, and environmental concerns.~~

34 ~~(h) The State of California needs a financing entity~~
35 ~~structured with broad authority to issue bonds, provide~~
36 ~~guarantees, and leverage state and federal funds using~~
37 ~~techniques that will target public investment to facilitate~~
38 ~~economic development. The goal is to produce more~~
39 ~~private sector jobs with less public sector investment.~~



1 ~~(i) The mechanisms for financing public~~
2 ~~improvements and private job creation strategies~~
3 ~~provided for in this act are in the public interest, serve a~~
4 ~~public purpose, and will promote the health, welfare, and~~
5 ~~safety of the citizens of the state.~~

6 ~~(j) The public policies and responsibilities of the state,~~
7 ~~including all of the above purposes and functions, cannot~~
8 ~~be fully obtained without the use of financing assistance~~
9 ~~and can be most effectively furthered by the creation of~~
10 ~~the California Infrastructure and Economic~~
11 ~~Development Bank.~~

12 ~~(k) The California Infrastructure and Economic~~
13 ~~Development Bank shall serve as the administration's~~
14 ~~consolidated "one stop shop" for dealing with this state's~~
15 ~~public and private infrastructure needs. The single entity~~
16 ~~shall eliminate duplication in decisionmaking and create~~
17 ~~a single contact point for the Trade and Commerce~~
18 ~~Agency's infrastructure financing activities.~~

