

CALIFORNIA CONSERVATION CORPS
Corpsmember Development & Special Projects Unit
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MEMORANDUM

TO: Local Conservation Corps Proposition 84 Staff

FROM: Kris Escobar
Corpsmember Development & Special Projects Unit

DATE: July 16, 2009

SUBJECT: Proposition 84 Acquisition Project Grant Agreement Addendum

Dear Local Conservation Corps Colleagues:

The California Conservation Corps (CCC) recently developed language to be included in any escrow instructions pertaining to acquisitions funded through Proposition 84. This additional information will need to be added to previously-executed Grant Agreements for acquisitions as an addendum to the agreement.

The addendum language is listed below and will be added to Exhibit B – Terms and Conditions. Bond Program Analysts will be working to generate the Grant Agreement Addenda and forward these for signature as soon as practical.

In the meantime, paragraphs 3 and 4 are to be added into escrow instructions for all current acquisition projects.

Grant Agreement Addendum 1 – Escrow Procedures:

All parties to this acquisition transaction acknowledge that funding, in part or in whole, is available through a grant from the State of California, pursuant to The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84). Public Resources Code 75050(l)(2) authorizes grant funding for acquisition of facilities to support Local Conservation Corps programs.

Due to the accountability required for bond funding, and to protect the State's interest in the use of these funds, the following applies during any escrow / title company transaction:

- 1) Proposition 84 grant funds for acquisition of property by a local conservation corps shall be directly deposited by the State of California into the applicable escrow account for said property. Warrants shall be made payable to the identified escrow company "in care of" the local conservation corps, thereby

creating an assignee relationship. Local conservation corps shall be responsible for any and all applicable taxes associated with the acquisition and ownership of the acquired property and the receipt of Proposition 84 grant funds.

- 2) Whereas the State of California is not a party to the transaction, acquisition or ownership of said property, the State of California has a vested interest in the acquired property pursuant to Proposition 84 grant funds. The local conservation corps acquiring property pursuant to Proposition 84 shall, in addition to providing the following documents to the California Conservation Corps prior to escrow, provide executed copies of any escrow instructions, amendments or modifications to the acquisition transaction, supplements, preliminary reports, notices of cancellation and closing statements to the California Conservation Corps within five [5] business days of receipt of the executed documents. The local conservation corps shall also provide copies of any subsequent recordings filed on said property by or on behalf of the local conservation corps to the California Conservation Corps within the prescribed time period.

Any financial fees regarding duplication and delivery of the executed document shall be the responsibility of the local conservation corps.

- 3) Escrow instructions for this transaction shall include the following language: "In the event of cancellation of this escrow, for any reason, grant funds provided by the State of California shall be immediately returned to the State of California, in care of the California Conservation Corps, located at 1719 24th Street, Sacramento, CA 95816, Attn: Chief, Administration Division."
- 4) Escrow instructions for this transaction shall also include the following language: "Grant funds may only be used as authorized by Proposition 84. Grant funds are not authorized to be used for the following payments including, but not limited to, payment for penalties, fees associated with escrow cancellation, court fees or judgments. These types of payments shall be the responsibility of the local conservation corps."

The CCC appreciates your continued support as we finalize policies and procedures for Proposition 84-funded projects to ensure compliance with accountability requirements.

Please contact your Bond Program Analyst [Hunt Drouin (hunt.drouin@ccc.ca.gov or (916) 341-3146 or Craig Zeff (craig.zeff@ccc.ca.gov or (916) 341-3185] or myself [kris.escarda@ccc.ca.gov or (916) 341-3141] with any questions or concerns that you may have.