



Agenda

Tuesday, August 22, 2017

Place: County Board of Supervisors Chambers
Kings County Government Center, Hanford, CA

Time: 11:00 a.m.

1. **CALL TO ORDER**

ROLL CALL – Clerk to the Board

2. **APPROVAL OF MINUTES**

Approval of the minutes from the August 8, 2017 regular meeting.

3. **CONSENT CALENDAR**

A. Consideration of the Engagement Letter 17-01EL for WIPFLi for audit services to CalPFA.

B. Consideration to reimburse Kings County in regards to notary services not to exceed \$50.00 from the CalPFA reserve account.

4. **NEW BUSINESS**

A. Consideration of approving resolution 17-12A for Credo High School, City of Rohnert Park, County of Sonoma; up to \$3,000,000 of revenue bonds. (Staff – Scott Carper)

B. Consideration of approving resolution 17-13A for Pathways to College Properties, LLC, City of Hesperia, County of San Bernardino; up to \$20,000,000 of revenue bonds. (Staff – Scott Carper)

5. **PUBLIC COMMENT**

Any person may directly address the Board at this time on any item on the agenda, or on any other items of interest to the public, that is within the subject matter jurisdiction of the Board. Five (5) minutes are allowed for each item.

6. **STAFF UPDATES**

7. **ADJOURNMENT**

Adjourn as the California Public Finance Authority.



2. APPROVAL OF MINUTES

Approval of the minutes from the August 8, 2017 regular meeting.



Action Summary

Tuesday, August 8, 2017

Place: County Board of Supervisors Chambers
Kings County Government Center, Hanford, CA

Time: 11:00 a.m.

B1 **CALL TO ORDER**

ROLL CALL – Clerk to the Board

MEMBERS PRESENT: NEVES, VALLE, PEDERSEN, FAGUNDES

MEMBERS ABSENT: VERBOON

2. **APPROVAL OF MINUTES**

Approval of the minutes from the July 25, 2017 regular meeting.

ACTION: APPROVED AS PRESENTED (JN/RF/RV/CP- Aye, DV - Absent)

3. **NEW BUSINESS**

A. Consideration of approving resolution ~~17-09A~~ 17-11A for Southeast Senior Housing Preservation, LP, City of Compton, County of Los Angeles; up to \$8,300,000 of revenue bonds. (Staff – Scott Carper)

ACTION: APPROVED AS PRESENTED (JN/RF/RV/CP – Aye, DV Absent)

4. **PUBLIC COMMENT**

Any person may directly address the Board at this time on any item on the agenda, or on any other items of interest to the public, that is within the subject matter jurisdiction of the Board. Five (5) minutes are allowed for each item.

None

5. **STAFF UPDATES**

Supervisor Valle asked for an update regarding the fees that have been generated from projects to date. Scott Carper agreed to prepare a report for the Board.

6. **ADJOURNMENT**

Adjourn as the California Public Finance Authority.



3. CONSENT CALENDAR

- A.** Consideration of the Engagement Letter 17-01EL for WIPFLi for audit services to CalPFA.
- B.** Consideration to reimburse Kings County in regards to notary services not to exceed \$50.00 from the CalPFA reserve account.



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August 14, 2017

Board of Directors c/o Ms. Amy Stoneham
California Public Finance Authority
2999 Oak Road, Suite 710
Walnut Creek, CA 94597

Dear Ms. Stoneham:

We are pleased to serve as your independent auditors for the California Public Finance Authority for the year ended June 30, 2017. The purpose of this Engagement Letter (this "Letter") is to review certain details of our engagement.

Audit Services

We will audit the financial statements and the related notes to the financial statements of the California Public Finance Authority. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the California Public Finance Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the California Public Finance Authority's RSI in accordance with auditing standards generally accepted in the United States. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The Management's Discussion and Analysis is required by generally accepted accounting principles and will be subjected to certain limited procedures but will not be audited.

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States. Our audit will be conducted in accordance with auditing standards generally accepted in the United States (GAAS) and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of the California Public Finance Authority's financial statements. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraphs. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there exists an unavoidable risk that some material misstatements may exist and not be detected even though our audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of law or government regulations that do not have a direct and material effect on the financial statements. However, we will inform the California Public Finance Authority management and you of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the California Public Finance Authority's management and you of any violations of law or government regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements, and to design the nature, timing, and extent of further audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and you internal control related matters that are required to be communicated under professional standards.

We cannot perform management functions or make management decisions on behalf of the California Public Finance Authority. However, we may provide advice and recommendations to assist management in performing its functions and fulfilling its responsibilities. We may advise management about appropriate accounting principles and their application and may assist in the preparation of the California Public Finance Authority's financial statements, but the responsibility for the financial statements remains with management.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States.

Management is also responsible for making all financial records and related information available to us, for the accuracy and completeness of that information, and for providing us with (a) access to all information of which it is aware that is relevant to the preparation and fair presentation of the financial statements, (b) additional information that we may request for the purpose of the audit, and (c) unrestricted access to persons within the California Public Finance Authority from whom we determine it necessary to obtain audit evidence.

Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud affecting the California Public Finance Authority involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements.

You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the California Public Finance Authority received in communications from employees, former employees, regulators, or others. In addition, management is responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

Assistance to be supplied by your personnel, including the preparation of schedules and analysis of accounts, will be discussed with Ms. Amy Stoneham. Timely completion of this work will facilitate the completion of our engagement.

As required by GAAS, at the close of the audit we will request from management certain written confirmation concerning oral and written representations made to us in connection with the audit in order to indicate and document the continuing appropriateness of such representations and reduce the possibility of misunderstanding.

If the California Public Finance Authority intends to reproduce or publish these financial statements, or any portion thereof whether in paper or electronic form subsequent to anticipated year-end filings, and make reference to our firm name in connection therewith, management agrees to provide us with proofs in sufficient time for our review and written approval before printing. If in our professional judgment the circumstances require, we may withhold our approval. The California Public Finance Authority agrees to compensate Wipfli for the time associated with such review.

Other

We may prepare a draft of your financial statements and related notes. You will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

Our fees will be billed as work progresses, and progress billings may be submitted. Based upon our discussions with representatives of the Authority, the fee for this engagement will be \$16,500. In addition, expenses are billed for reimbursement as incurred. Expenses for items such as travel, telephone, postage, clerical time, printing, and reproduction of financial statements are estimated at \$2,000. Our fee has been determined based on our understanding obtained through discussions with you regarding your preparation for the engagement and your current business operations. To the extent we encounter circumstances outside of our expectations that warrant additional procedures and time, we will communicate that fact and advise you of options and the additional fees necessary to complete the engagement. We expect payment of our billings within 30 days after submission. Interest at the lesser of 1% per month or the maximum rate permitted by law, except where prohibited by law, will be charged on the portion of your balance that is over 30 days.

This engagement includes only those services specifically described in this Letter; any additional services not specified herein will be agreed to in a separate letter. This engagement is separate and discrete from our engagement to audit any prior or future years, and any such engagements are or will be covered by a separate engagement letter. In the event you request us to, or we are required to, respond to a subpoena, court order, government regulatory inquiries, or other legal process against the California Public Finance Authority or its management for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this or any prior engagements, you agree to compensate us for all time we expend in connection with such response, at our regular rates, and to reimburse us for all related out-of-pocket costs that we incur.

The working papers prepared in conjunction with our audit are our property and constitute confidential information. They will be retained by us in accordance with our policies and procedures. All of the California Public Finance Authority's original records will be returned to management at the end of this engagement. Our working papers and files are not a substitute for the original records the California Public Finance Authority should retain. We understand that we are authorized to respond directly to inquiries from the cognizant agencies including requests to review audit workpapers. Access to the requested workpapers will be provided to the cognizant agencies under the supervision of Wipfli LLP's audit personnel and at a location designated by our firm. We will notify you of any such inquiries or requests and of our reply thereto.

Zachary Mayer will be your audit engagement partner.

Professional and certain regulatory standards require us to be independent, in both fact and appearance. Any discussions that you have with Wipfli personnel regarding employment could pose a threat to our independence. Therefore, we request that you inform us immediately prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

In order for us to remain independent, professional and regulatory standards require us to maintain certain respective roles and relationships with you with respect to any nonattest services we may be asked to perform. Prior to performing such services in conjunction with our audit, management must acknowledge its acceptance of certain responsibilities.

Whenever possible, each provision of this Letter shall be interpreted in such a manner as to be effective and valid under applicable laws, regulations, or published interpretations, but if any provision is deemed prohibited, invalid, or otherwise unenforceable, such provision shall be ineffective only to the extent of such prohibition, invalidity, or unenforceability and such revised provision shall be made a part of this Letter. Further, the provisions of the foregoing sentence shall not invalidate the remainder of this Letter. This Letter shall be construed and governed in accordance with laws of the state in which the Wipfli office issuing this Letter is located, as determined by the address indicated on this Letter, and proper jurisdiction and venue for any matter hereunder shall be the state or federal courts of that state.

Board of Directors c/o Ms. Amy Stoneham
California Public Finance Authority
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August 14, 2017

If the above terms are acceptable to you and the services outlined are in accordance with your requirements, please return a signed copy of this Letter to us.

We look forward to our continued association with you and appreciate the opportunity to serve you. Please do not hesitate to call us if you have any questions about the work we are to perform or any other aspect of the services we can provide.

Sincerely,

Wipfli LLP

Wipfli LLP

ACCEPTED: CALIFORNIA PUBLIC FINANCE AUTHORITY

By: _____

(Print Name and Title)

Date: _____

ZDM/ama

Enc.

(10/25/16)

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4. NEW BUSINESS

A. Consideration of approving resolution 17-12A for Credo High School, City of Rohnert Park, County of Sonoma; up to \$3,000,000 of revenue bonds. (Staff – Scott Carper)

B. Consideration of approving resolution 17-13A for Pathways to College Properties, LLC, City of Hesperia, County of San Bernardino; up to \$20,000,000 of revenue bonds. (Staff – Scott Carper)



CALIFORNIA PUBLIC FINANCE AUTHORITY

DATE:	AUGUST 22, 2017
APPLICANT:	CREDO HIGH SCHOOL
AMOUNT:	UP TO \$3.0 MILLION OF TAX-EXEMPT AND TAXABLE BONDS
PURPOSE:	FINANCING CAPITAL IMPROVEMENTS AND FFE
PRIMARY ACTIVITY:	9-12 SCHOOL
LEGAL STRUCTURE:	NONPROFIT PUBLIC BENEFIT CORPORATION

Background:

Credo High School (the “Borrower” or “Credo”) is a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code. The Borrower operates a public charter school pursuant to a charter authorized and approved by the Cotati Rohnert Park Unified School District.

Credo teaches students residing primarily in Sonoma County, California, and draws students primarily from the Cotati Rohnert Park Unified School District. The school began operations in the FY 2012 school year with approximately 40 students in grades 9-12. As of March, 2017, Credo served approximately 200 students.

The school operates from a single campus located at 1300 Valley House Drive, Suite 100 Rohnert Park, California.

Description of Proposed Project:

Credo will use the proceeds of the Series 2017 Bonds for the financing or refinancing the costs of the construction, renovation, improving and equipping its leased facility located at 1300 Valley House Drive, Suite 100 Rohnert Park, California for use as a charter high school serving grades 9-12.

The school has requested CalPFA to issue up to \$3,000,000 in tax-exempt and taxable bonds to pay for the costs of purchasing, constructing tenant improvements, and equipping the school facility.

TEFRA Information:

A TEFRA hearing will be held by the City of Rohnert Park and Kings County on August 22, 2017. It is expected that the City Council and Kings County will unanimously approve the proposed financing.

Financing Structure:

The Bonds will mature in no more than 5 years and bear interest at an average coupon rate of 10.00%. The Bonds will be sold as a private placement to a qualified institutional buyer. The proposed financing is in accordance with the Authority's issuance guidelines.

Estimated Sources and Uses:

Sources:

Tax-Exempt Bond Proceeds	\$	2,660,000
Taxable Bond Proceeds	\$	340,000
Landlord Contribution	\$	<u>900,000</u>
Total Sources:	\$	3,900,000

Uses:

Project Fund	\$	3,739,250
Cost of Issuance	\$	<u>160,750</u>
Total Uses:	\$	3,900,000

Recommendations:

Based on the overall Project public benefit and finance related considerations detailed on Attachment 1, it is recommended that the Board of Directors approve the Resolution as submitted to the Board, which:

1. Approves the issuance of an obligation;
2. Approves all necessary actions and documents for the financing; and
3. Authorizes any member of the Board or authorized signatory to sign all necessary documents.

Attachment 1

Public Benefit:

Credo is one of only three public Waldorf high schools in the United States. (The others are Desert Marigold in Phoenix, Arizona and George Washington Carver in Sacramento, California.) Credo is unique in that it is specifically a college-preparatory program, and all graduates will have met the admission requirements of the University of California and the California State University systems.

In its first three years, with one class each of freshmen, sophomores and juniors, Credo High School has:

- Earned an Academic Performance Index score of 853, the third-highest of 26 site-based public high schools in Sonoma County.
- Earned the maximum allowable accreditation from the Western Association of Schools and Colleges (WASC), granted in January 2014.
- Raised the bar for public high schools in Sonoma County and all of California by ensuring that *all* Credo students are on track to have met rigorous academic requirements (“a-g Standards”) to apply to the University of California system (vs. only 31% state-wide).
- Begun to prepare widely and broadly capable leaders of the future with a comprehensive college prep program that enables all of our students to develop as whole human beings—academically, intellectually, physically, socially, emotionally and morally.
- Presented all students with a rich, four-year, social-emotional curriculum that teaches them to communicate, collaborate, resolve conflict, build consensus and support one another.
- Been the first and only public school to win Green Business Certification by the Sonoma County Economic Development Board. All Credo students study environmental science, farming and food literacy—the foundations of a four-year environmental and agricultural sustainability curriculum that prepares students to be effective stewards of the earth.
- Created, in partnership with local sustainability nonprofit, Daily Acts Organization, 2,500 square feet of food producing gardens, which supply produce for special events, occasional student lunches and family consumption.
- Taught all students a variety of fine and practical arts, which enrich their feeling lives and strengthen their self-expression; every student studies drawing, printmaking, silkscreening, color theory, painting (watercolor, acrylics and oils), ceramics, media arts, blacksmithing, wood turning and basic carpentry.
- Taught students financial literacy and entrepreneurialism, and had them participate in the creation and operation of Credo businesses, including Club Credo, a 2-gen (teens + parents) nightclub presenting professional bands and comics, created and run by students.
- Initiated an Adventure Learning program, which led all ninth grade students on a 4-day, 28-mile backpacking trip that built their strength, endurance and self-confidence and accelerated their social development; led all tenth grade students on a four-day kayaking trip while they were studying oceanography and *The Odyssey*; and led all eleventh grade students on a four-day stargazing trip in preparation for the study of astronomy. Twelfth graders will participate in a solo quest.
- Taught all students music, three hours a week for four years of high school, creating a Credo Choir, a Credo Orchestra, an American Music Ensemble and a World Percussion Ensemble. The school has presented eight concerts, and the American Music Ensemble has performed in professional music venues, including headlining annual “Waldorf at Weill” concerts at Sonoma State University’s prestigious Green Music Center.
- Developed a theater program that produced three highly successful musical theater productions: “You’re a Good Man, Charlie Brown,” “School House Rock” and “Scrooge’s Christmas.” Also

produced several dramatic plays, including a Shakespere Night, "I'll Never See Another Butterfly" and "Peter and the Starcatcher."

- Published a five-part newspaper series about sustainability education at Credo High, exploring the school's focus on Environmental Sustainability, Agricultural Sustainability, Economic Sustainability, Social Sustainability and Personal Sustainability.
- Taught every student a world language, either Mandarin or Spanish, four classes a week, and initiated cultural exchanges, where Credo students have lived abroad (Spain, Germany, Turkey) and foreign students joined Credo for a period of time (from Spain, Germany and Pakistan).
- Hosted the only eighth grade Waldorf class from China and shared a cultural exchange with Credo students—in Mandarin and English.
- Hosted summer service trips to Nicaragua in partnership with Global Student Embassy, creating food-producing gardens in Nicaraguan elementary schools.
- Initiated a collaborative relationship with our neighboring Sonoma State University—this includes hosting SSU student teachers at Credo, hosting SSU education students as classroom observers, and welcoming SSU students to serve as tutors and mentors to Credo students.
- Won a grant in partnership with Learning with Nature, Inc. to develop a twelfth-grade course in biomimicry; the country's first high school course in this innovative nature-based design field will be taught to Credo twelfth graders in the fall of 2014.
- Initiated an eleventh grade Developing Capacities course, where Credo students learn the social-emotional, observational, communication, spatial and kinesthetic skills that are needed as an assistant to blind students in learning wood turning on Credo's machine lathes; this course is part of a partnership between Credo and U.C. Davis to engage more blind and visually impaired (BVI) students in science, technology, engineering and math (STEM) education.
- Hosted weekly student assemblies about career education. Called "Livelihood," this series invites speakers every Friday to inform Credo students about their careers, the specifics of their jobs on a day-to-day basis, and the path that got them from high school to their current occupations. Visiting speakers have included farmers, filmmakers, doctors, animal right advocates, musicians and academics.
- Held weekly intramural sports games, where all students in mixed-grade teams play soccer, ultimate frisbee, flag football, basketball, volleyball and baseball.
- Founded a girls' soccer team, a boys' baseball team and club-level, co-ed basketball and volleyball teams.
- Initiated extracurriculars, including Student Council, Eco Council, a poetry club, drama club and Terpsicore Dance Club.
- Created Credo Rose Eurythmy, an extracurricular performing troupe that has performed at Credo, at Waldorf schools throughout the Bay Area, and toured throughout the Pacific Northwest.

RESOLUTION NO. 17-12A

CALIFORNIA PUBLIC FINANCE AUTHORITY

A RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$3,000,000 TO FINANCE OR REFINANCE THE IMPROVEMENT AND EQUIPPING OF A CHARTER SCHOOL FACILITY FOR CREDO HIGH SCHOOL AND OTHER MATTERS RELATING THERETO

WHEREAS, pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the “Act”), Kings County and the Housing Authority of Kings County (the “Charter Members”) entered into a joint exercise of powers agreement (the “Agreement”) pursuant to which the California Public Finance Authority (the “Authority”) was organized;

WHEREAS, the City of Rohnert Park (the “City”) has by resolution requested to become an additional member of the Authority, and the Authority has authorized the City to become an Additional Member as defined in and pursuant to the provisions of the Agreement;

WHEREAS, the Authority is authorized by the Agreement and under the Act to, among other things, issue bonds, notes or other evidences of indebtedness in connection with, and to make loans to assist in the financing of certain projects;

WHEREAS, Credo High School, a California nonprofit public benefit corporation (the “Borrower”), wishes to finance or refinance the (a) the costs of tenant improvements and furniture, fixtures and equipment for the charter school (the “Facility”) owned and operated by the Borrower, which Facility is located in the City, and (b) costs of issuance of the Bonds (as defined herein) (collectively, the “Project”)

WHEREAS, the Borrower is requesting the assistance of the Authority in financing and refinancing the Project;

WHEREAS, pursuant to an Indenture (the “Indenture”), between the Authority and The Huntington National Bank (the “Trustee”), the Authority will issue the California Public Finance Authority Charter School Revenue Bonds (Credo High School Project), Series 2017A and Taxable Series 2017B (the “Bonds”) for the purpose, among others, of financing and refinancing the Project;

WHEREAS, pursuant to a Loan Agreement (the “Loan Agreement”), between the Authority and the Borrower, the Authority will loan the proceeds of the Bonds to the Borrower for the purpose, among others, of financing and refinancing the Project;

WHEREAS, the Bonds will be privately placed with Qualified Institutional Buyers or accredited investors consisting of investment accounts for which Tortoise Credit Strategies, LLC acts as investment manager (the “Initial Purchaser”) through a private placement memorandum, and the proceeds of such sale will be used as set forth in the Indenture to finance or refinance the Project; and

WHEREAS, the Bonds will be additionally secured by (a) a Guaranty Agreement from Awakening Entelechy, Inc., guarantor, to the Trustee, and (b) a Leasehold Deed of Trust, Assignment of Leases and Rents and Security Agreement and Fixture Filing by the Borrower in favor of the Trustee; and

WHEREAS, there have been made available to the Board of Directors of the Authority the following documents and agreements:

- (1) A proposed form of the Indenture;
- (2) A proposed form of the Loan Agreement; and
- (3) A proposed form of the private placement memorandum (the “Private Placement Memorandum”) to be used by R. Seelaus & Company, Inc. (the “Placement Agent”) in connection with the placement and sale of the Bonds; and

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the California Public Finance Authority, as follows:

Section 1. Pursuant to the Act and the Indenture, the Authority is hereby authorized to issue its revenue bonds designated as the “California Public Finance Authority Charter School Revenue Bonds (Credo High School Project), Series 2017A and Taxable Series 2017B (the “Bonds”) in one or more series in an aggregate principal amount not to exceed three million dollars (\$3,000,000). The Bonds shall be issued and secured in accordance with the terms of, and shall be in the form or forms set forth in, the Indenture. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any member of the Board of Directors of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 17-01C of the Authority, adopted on April 25, 2017 (each, an “Authorized Signatory”), and attested by the manual or facsimile signature of the Secretary of the Authority or the manual signature of any Authorized Signatory.

Section 2. The proposed form of Indenture, as made available to the Board of Directors, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Indenture in substantially said form, with such changes and insertions therein as any member of the Board of Directors, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery of the Indenture by an Authorized Signatory. The dated date, maturity date or dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 3. The proposed form of Loan Agreement, as made available to the Board of Directors, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Loan Agreement in substantially said form, with such changes and insertions therein as any member of the Board of Directors, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery of the Loan Agreement by an Authorized Signatory.

Section 4. The information in the proposed preliminary form of Private Placement Memorandum under the caption “The Authority,” as made available to the Board of Directors, is hereby approved. The Placement Agent is hereby authorized to distribute the Private Placement Memorandum in preliminary form, to persons who may be interested in the purchase of the Bonds and to deliver the Private Placement Memorandum in final form to the purchasers of the Bonds, in each case with such changes as may be approved as aforesaid; provided, that the foregoing does not constitute approval by the Authority of, and the Authority assumes no responsibility for, the accuracy and completeness of any information in the Private Placement Memorandum other than the information under the caption “The Authority.”

Section 5. The Bonds, when executed as provided in Section 1, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee’s Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or for the account of the purchaser or purchasers thereof in accordance with written instructions executed on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is authorized and directed, for and on behalf of the Authority, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to or for the account of the purchaser or purchasers thereof, upon payment of the purchase price thereof.

Section 7. The Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Board of Directors of the Authority and other appropriate officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, including, without limitation, any and all documents and certificates to be executed in connection with securing credit support, if any, for the Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Authority has approved in this Resolution and to consummate by the Authority the transactions contemplated by the documents approved hereby, including any subsequent amendments, waivers or consents entered into or given in accordance with such documents.

Section 8. All actions heretofore taken by the Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Board of Directors of the Authority and other appropriate officers and agents of the Authority with respect to the issuance of the Bonds are hereby ratified, confirmed and approved.

Section 9. Notwithstanding anything to the contrary in this Resolution, no documents referenced in this Resolution may be executed and delivered until the City and the County of Kings have each held the hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986, if required by said Section, to provide financing and refinancing for the Project, and approved the issuance of the Bonds following such hearing.

Section 10. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Public Finance Authority this 22nd day of August, 2017.

I, the undersigned, an Authorized Signatory of the California Public Finance Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Board of Directors of the Authority at a duly called and properly noticed meeting of the Board of Directors of the Authority, at which a quorum was acting and present throughout, held in accordance with law on August 22, 2017.

By: _____
Authorized Signatory
California Public Finance Authority



CALIFORNIA PUBLIC FINANCE AUTHORITY

DATE:	AUGUST 22, 2017
APPLICANT:	PATHWAYS TO COLLEGE FACILITIES, LLC/PATHWAYS TO COLLEGE CHARTER SCHOOL
AMOUNT:	UP TO \$20 MILLION OF TAX-EXEMPT BONDS
PURPOSE:	CONSTRUCTION OF NEW FACILITY AND FINANCING CAPITAL IMPROVEMENTS
PRIMARY ACTIVITY:	K-8 SCHOOL
LEGAL STRUCTURE:	NONPROFIT PUBLIC BENEFIT CORPORATION

Background:

Crosswalk: Hesperia Experiential Learning Pathways (the “Lessee”) is a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code. The Lessee operates a public charter school known as Pathways to College Charter School (the “School”) pursuant to a charter authorized and approved by the Hesperia Unified School District.

The School teaches students residing primarily in San Bernardino County, California, and draws students primarily from the Hesperia Unified School District. The School began operations in the 2002-2003 school year with approximately 50 students in grades 7-8. As of March, 2017, the School served approximately 350 students in grades K-8.

Pathways to College has a student population that consists of 89% free and reduced lunch, 26% English Language Learners, and 11% Special Education. Many students initially come to Pathways to College from district schools and other charter schools significantly below grade level. The Pathways to College model of Professional Learning Communities increases individual student learning across subpopulation groups with a focus on developing problem solving and critical thinking skills.

The School serves approximately 350 students in grades K-8 from a campus located at 9144 Third Ave., Hesperia, CA 92345 and will continue to operate the School and serve students in grades K-8 from the Third Ave. campus in the 2017-2018 school year. The School will move to the new school site on Mariposa Road, Hesperia, California in the 2018-2019 school year. The new location is as yet unaddressed.

Description of Proposed Project:

The School will use the proceeds of the Series 2017 Bonds for financing or refinancing the costs of the acquisition, construction, renovation, improving and equipping of land and education and related facilities located on Mariposa Road, Hesperia, California for use as a charter school serving grades K-8. The School will begin to operate from the new Mariposa Road location in the 2018-2019 school year. Upon completion of the construction of the Mariposa

Road facility, the school expects to serve students in grades K-8 at the Mariposa Road location, allowing the School to expand to serve a total of approximately 700 total students.

The school has requested CalPFA to issue up to \$20,000,000 in tax-exempt bonds to pay for the costs of purchasing an existing building, constructing tenant improvements and equipping the new learning center.

TEFRA Information:

A TEFRA hearing will be held by the City of Hesperia on September 5, 2017. It is expected that the Hesperia City Council will unanimously approve the proposed financing. Kings County will hold a TEFRA hearing on August 22, 2017.

Financing Structure:

The Bonds will mature in no more than 30 years and bear interest at an average coupon rate of 6.00%. The Bonds will be purchased at closing by the Underwriter. The proposed financing is in accordance with the Authority's issuance guidelines.

Estimated Sources and Uses:

Sources:

Tax-Exempt Bond Proceeds	\$	16,555,000
Less Original Discount	\$	<u>(184,419)</u>
Total Sources:	\$	16,370,581

Uses:

Project Fund	\$	13,000,000
Project Reimbursements	\$	690,000
Debt Service Reserve Fund	\$	1,213,550
Cost of Issuance	\$	406,971.25
Underwriter's Discount	\$	331,100
Additional Proceeds	\$	<u>3,378.75</u>
Total Uses:	\$	16,370,581

Recommendations:

Based on the overall Project public benefit and finance related considerations detailed on Attachment 1, it is recommended that the Board of Directors approve the Resolution as submitted to the Board, which:

1. Approves the issuance of an obligation;
2. Approves all necessary actions and documents for the financing; and
3. Authorizes any member of the Board or authorized signatory to sign all necessary documents.

Attachment 1

Public Benefit:

In 2002 Crosswalk: Hesperia Experiential Learning Pathways formed as a 501(c)3 not for profit corporation. A school comprised of 7th and 8th graders was begun, with the intention of adding two grade levels, one up and one down, each year until it became a K-12 school. At the time, the only facility that could be located within Hesperia city limits, that could function for the purpose of housing a school, was a building once used as a restaurant, bar, and a theater. Within two years the student population outgrew the limited space provided within this building and students were split between two buildings over 6 miles away from each other. Students were separated by grade levels. In 2006 the school opened a third location to accommodate the continuous student population growth. In 2009 the Board decided to focus its efforts on students between grade levels K-8 by reorganizing the school and relocating all of the students to the current location on 3rd street. The current population is approximately 350 students and has remained consistent for the past several years, despite the fact that there is a large waiting list of students waiting to enroll, due to space limitations which further restricts growth.

With the exception of four Middle School classrooms, the majority of the current population is housed in rooms smaller than standard size, which is 960 square feet. The remaining 15 classrooms range from 360 square feet to 805 square feet. The school has no play equipment or grass area for students to have recreational play or to hold Physical Education courses. Students ranging from Transitional Kindergarten to Middle School must conduct recreational and structured play time in a shared, fenced-in asphalt area and share this area throughout the day with the Physical Education class.

This project will allow Pathways to College students the opportunity to learn and grow in a new facility with proper educational areas and play/recreation areas.

RESOLUTION NO. 17-13A

CALIFORNIA PUBLIC FINANCE AUTHORITY

A RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$20,000,000 TO FINANCE OR REFINANCE THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF EDUCATIONAL FACILITIES FOR THE BENEFIT OF PATHWAYS TO COLLEGE AND OTHER MATTERS RELATING THERETO

WHEREAS, pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the “Act”), Kings County and the Housing Authority of Kings County (the “Charter Members”) entered into a joint exercise of powers agreement (the “Agreement”) pursuant to which the California Public Finance Authority (the “Authority”) was organized;

WHEREAS, the City of Hesperia (the “City”) has by resolution requested to join the Authority and the Authority has authorized the City to become an Additional Member pursuant to the provisions of the Agreement;

WHEREAS, the Authority is authorized by its Agreement and under the Act to, among other things, issue bonds, notes or other evidences of indebtedness in connection with, and to make loans to assist in the financing of certain projects;

WHEREAS, Pathways to College Properties, LLC (the “Borrower”), the sole member of which is Pathways to College Foundation, Inc. (the “Foundation”), a California nonprofit public benefit corporation, has requested the Authority to issue revenue bonds in an aggregate principal amount not to exceed \$20,000,000 (the “Bonds”) to finance or refinance the costs of (a) the construction, acquisition, equipping and improving of land and educational related facilities located at the southeastern corner of Mariposa Road and Eucalyptus Street in the City of Hesperia, California (the “Facilities”); (b) funding a debt service reserve fund for the Bonds; (c) paying capitalized interest on the Bonds; and (d) paying certain Bond issuance expenses (collectively, the “Project”);

WHEREAS, the Facilities will be owned by the Borrower and leased to and operated by Crosswalk: Hesperia Experiential Learning Pathways, a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code;

WHEREAS, the Borrower is requesting the assistance of the Authority in financing or refinancing the Project;

WHEREAS, pursuant to an Indenture (the “Indenture”), between the Authority and U.S. Bank National Association (the “Trustee”), the Authority will issue the California Public Finance Authority Charter School Lease Revenue Bonds (Pathways to College Project), Series 2017 (the “Bonds”) for the purpose, among others, of financing or refinancing the Project;

WHEREAS, pursuant to a Loan Agreement (the “Loan Agreement”), between the Authority and the Borrower, the Authority will loan the proceeds of the Bonds to the Borrower for the purpose, among others, of financing or refinancing of the Project;

WHEREAS, pursuant to a Bond Purchase Agreement, to be dated the date of sale of the Bonds (the “Purchase Agreement”), among BB&T Capital Markets, a division of BB&T Securities, LLC, as underwriter (the “Underwriter”), the Authority and the Borrower, the Bonds will be sold to the Underwriter, and the proceeds of such sale will be used as set forth in the Indenture to finance or refinance the Project;

WHEREAS, the Bonds will be offered for sale to Qualified Institutional Buyers and Accredited Investors (as defined in the Indenture) through a limited offering memorandum;

WHEREAS, there have been made available to the Board of Directors of the Authority the following documents and agreements:

- (1) A proposed form of the Indenture;
- (2) A proposed form of the Loan Agreement;
- (3) A proposed form of the Purchase Agreement; and
- (4) A proposed form of limited offering memorandum (the “Limited Offering Memorandum”) to be used by the Underwriter in connection with the offering and sale of the Bonds.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the California Public Finance Authority, as follows:

Section 1. Pursuant to the Act and the Indenture, the Authority is hereby authorized to issue its revenue bonds designated as the “California Public Finance Authority Charter School Lease Revenue Bonds (Pathways to College Project), Series 2017” in an aggregate principal amount not to exceed twenty million dollars (\$20,000,000). The Bonds shall be issued and secured in accordance with the terms of, and shall be in the form or forms set forth in, the Indenture. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any member of the Board of Directors of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 17-01C of the Authority, adopted on April 25, 2017 (each, an “Authorized Signatory”), and attested by the manual or facsimile signature of the Secretary of the Authority or the manual signature of any Authorized Signatory.

Section 2. The proposed form of Indenture, as made available to the Board of Directors, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Indenture in substantially said form, with such changes and insertions therein as any member of the Board of Directors, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The dated date, maturity date or dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places

of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 3. The proposed form of Loan Agreement, as made available to the Board of Directors, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Loan Agreement in substantially said form, with such changes and insertions therein as any member of the Board of Directors, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The proposed form of the Purchase Agreement, as made available to the Board of Directors, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Purchase Agreement, in substantially said form, with such changes and insertions therein as any member of the Board of Directors, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The proposed preliminary form of Limited Offering Memorandum, as made available to the Board of Directors, is hereby approved. The Underwriter is hereby authorized to distribute the Limited Offering Memorandum in preliminary form, to persons who may be interested in the purchase of the Bonds and to deliver the Limited Offering Memorandum in final form to the purchasers of the Bonds, in each case with such changes as may be approved as aforesaid.

Section 6. The Bonds, when executed as provided in Section 1, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchaser or purchasers thereof in accordance with written instructions executed on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is authorized and directed, for and on behalf of the Authority, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the purchaser or purchasers thereof, upon payment of the purchase price thereof.

Section 7. The Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Board of Directors of the Authority and other appropriate officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, including, without limitation, any and all documents and certificates to be executed in connection with securing credit support, if any, for the Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Authority has approved in this Resolution and to consummate by the Authority the transactions contemplated by the documents approved hereby, including any subsequent amendments, waivers or consents entered into or given in accordance with such documents.

Section 8. All actions heretofore taken by the Chair, the Vice Chair, the Secretary, the Treasurer, any other members of the Board of Directors of the Authority and other appropriate officers and agents of the Authority with respect to the issuance of the Bonds are hereby ratified, confirmed and approved.

Section 9. Notwithstanding anything to the contrary in this Resolution, no documents referenced in this Resolution may be executed and delivered until the City and the County of Kings have held the hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986, if required by said Section, to provide financing or refinancing for the Project.

Section 10. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Public Finance Authority this 22nd day of August, 2017.

I, the undersigned, an Authorized Signatory of the California Public Finance Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Board of Directors of the Authority at a duly called meeting of the Board of Directors of the Authority held in accordance with law on August 22, 2017.

By: _____
Authorized Signatory
California Public Finance Authority