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# *Agenda*

Tuesday, July 14, 2015

**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 July 7, 2015 regular meeting.
3. **REPORTS**
4. **UNFINISHED BUSINESS**
5. **CONSENT CALENDAR**
  - A. Consider approving an inducement resolution for Triangle Terrace Affordable, LP, City of Orange, County of Orange; up to \$14 million of multifamily housing revenue bonds.
6. **NEW BUSINESS ACTION ITEMS**
  - A. Consider approving the Request for Proposals for audit services to California Public Finance Authority.
  - B. Consider approving the Authorized Signatories for California Public Finance Authority.
  - C. Consider approving the California Public Finance Authority Standard Form Document Provisions and Procedures.
  - D. Consider approving US Bank as custodian for all California Public Finance Authority administrative accounts.
  - E. Direct the Authority staff to work with County staff to arrange for appropriate insurance coverage for California Public Finance Authority.
7. **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.*
8. **ADJOURNMENT**

*Adjourn as the California Public Finance Authority.*

2. Consideration of the Minutes of the July 7th, 2015 Regular Meeting.



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SUMMARY MINUTES OF THE  
REGULAR MEETING OF THE  
CALIFORNIA PUBLIC FINANCE AUTHORITY

July 7, 2015  
11:00 a.m. PDT

Bookmark: 1

**I. Call to order.**

**CALLED TO ORDER AT 11:00 a.m.**

**II. Call the roll.**

**ALL MEMBERS PRESENT**

**III. Approval of the minutes from the June 5, 2015 initial meeting.**

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

**IV. Unfinished Business.**

**NONE**

Bookmark: 2

**V. NEW BUSINESS ACTION ITEMS**

**a) Approval of Services Agreement by and between GPM Municipal Advisors, LLC and Affiliates and the California Public Finance Authority.**

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

**b) Approval of Bond Counsel and Related Legal Services Agreement by and between Orrick, Herrington & Sutcliffe and the California Public Finance Authority.**

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

**c) Consideration of proposed CalPFA General Policies.**

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

**d) Consideration of proposed CalPFA Issuance Policies.**

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

**e) Consideration of proposed CalPFA Post-Issuance Compliance Procedures.**

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

**f) Consideration of proposed CalPFA Fee Schedule.**

**ACTION: APPROVED AS AMENDED (JN/DV/RV/CP/RF-Aye)**

**g) Consideration of proposed CalPFA Local Approval Policy.**

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

**h) Consideration of CalPFA's Regular Meeting Calendar.**

**ACTION: APPROVED AS AMENDED (CP/DV/JN/RF/RF-Aye)**

**VI. PUBLIC COMMENT**

**None**

**VII. ADJOURNMENT**

**The meeting was adjourned at 11:48 a.m.**

5. Consent Calendar

- A. Consider approving an inducement resolution for Triangle Terrace Affordable, LP, City of Orange, County of Orange; up to \$14 million in multifamily housing revenue bonds.

**RESOLUTION NO. 15-011**

**A RESOLUTION OF THE CALIFORNIA PUBLIC FINANCE AUTHORITY SETTING FORTH THE AUTHORITY'S OFFICIAL INTENT TO ISSUE MULTIFAMILY HOUSING REVENUE BONDS TO UNDERTAKE THE FINANCING OF VARIOUS MULTIFAMILY RENTAL HOUSING PROJECTS AND RELATED ACTIONS**

**WHEREAS**, California Public Finance Authority (the "Authority") is authorized and empowered by the Title 1, Division 7, Chapter 5 of the California Government Code to issue mortgage revenue bonds pursuant to Part 5 (commencing with Section 52000) of the California Health and Safety Code (the "Act"), for the purpose of financing multifamily rental housing projects; and

**WHEREAS**, the borrowers identified in Exhibit A hereto and/or related entities (collectively, the "Borrowers") have requested that the Authority issue and sell multifamily housing revenue bonds (the "Bonds") pursuant to the Act for the purpose of financing the acquisition and rehabilitation or construction as set forth in Exhibit A, of certain multifamily rental housing developments identified in Exhibit A hereto (collectively, the "Projects"); and

**WHEREAS**, the Authority, in the course of assisting the Borrowers in financing the Projects, expects that the Borrowers have paid or may pay certain expenditures (the "Reimbursement Expenditures") in connection with the Projects within 60 days prior to the adoption of this Resolution and prior to the issuance of the Bonds for the purpose of financing costs associated with the Projects on a long-term basis; and

**WHEREAS**, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Projects with proceeds of a subsequent tax-exempt borrowing; and

**WHEREAS**, the Authority wishes to declare its intention to authorize the issuance of Bonds for the purpose of financing costs of the Projects (including reimbursement of the Reimbursement Expenditures, when so requested by the Borrower upon such terms and condition as may then be agreed upon by the Authority, the Borrower and the purchaser of the Bonds) in an aggregate principal amount not to exceed the amount with respect to each Project set forth in Exhibit A; and

**WHEREAS**, Section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing mortgage revenue bonds that may be issued on behalf of for-profit borrowers in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

**WHEREAS**, Chapter 11.8 of Division 1 of Title 2 of the California Government Code governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue private activity bonds; and

**WHEREAS**, Section 8869.85 of the California Government Code requires a local agency desiring an allocation of the state ceiling to file an application with the California Debt Limit Allocation Committee (the "Committee") for such allocation, and the Committee has certain policies that are to be satisfied in connection with any such application;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Authority as follows:

Section 1. The above recitals, and each of them, are true and correct.

Section 2. The Authority hereby determines that it is necessary and desirable to provide financing for the Projects (including reimbursement of the Reimbursement Expenditures) by the issuance and sale of Bonds pursuant to the Act, as shall be authorized by resolution of the Authority at a meeting to be held for such purpose, in aggregate principal amounts not to exceed the amounts set forth in Exhibit A. This action is taken expressly for the purpose of inducing the Borrowers to undertake the Projects, and nothing contained herein shall be construed to signify that the Projects comply with the planning, zoning, subdivision and building laws and ordinances applicable thereto or to suggest that the Authority or any program participant, officer or agent of the Authority will grant any such approval, consent or permit that may be required in connection with the acquisition and construction or rehabilitation of the Projects, or that the Authority will make any expenditures, incur any indebtedness, or proceed with the financing of the Project.

Section 3. This resolution is being adopted by the Authority for purposes of establishing compliance with the requirements of Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations. In such regard, the Authority hereby declares its official intent to use proceeds of indebtedness to reimburse the Reimbursement Expenditures.

Section 4. The officers and/or the program managers of the Authority are hereby authorized and directed to apply to the Committee for an allocation from the state ceiling of private activity bonds to be issued by the Authority for each of the Projects in an amount not to exceed the amounts set forth in Exhibit A, and to take any and all other actions as may be necessary or appropriate in connection with such application, including but not limited to the payment of fees, the posting of deposits and the provision of certificates, and any such actions heretofore taken by such officers and program managers are hereby ratified, approved and confirmed.

**PASSED AND ADOPTED** by the California Public Finance Authority this July 14, 2015.

The undersigned, an Authorized Signatory of the California Public Finance Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Board of Directors of said Authority at a duly called meeting of the Board of Directors of said Authority held in accordance with law on July 14, 2015.

By: \_\_\_\_\_  
Authorized Signatory

**EXHIBIT A**

<b>Project Name</b>	<b>Project Location</b>	<b>Project Description (units)</b>	<b>New Construction/ Acquisition and Rehabilitation</b>	<b>Legal Name of initial owner/operator</b>	<b>Bond Amount</b>
Triangle Terrace	City of Orange, County of Orange	75	Acquisition and Rehabilitation	Triangle Terrace Affordable, LP	\$14,000,000



## 6. New Business Action Items

- A. Consider approving the request for Proposals for audit services to California Public Finance Authority.

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**SUMMARY AND APPROVALS**

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**DATE:** JULY 14, 2015  
**SUBJECT:** CALPFA AUDITOR SERVICES  
**PURPOSE:** CONSIDERATION OF APPROVING REQUEST FOR PROPOSALS FOR AUDIT SERVICES

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**Background:**

In accordance with Section 9 of the California Public Finance Authority's Joint Exercise of Powers Agreement, the Authority's Treasurer is required to cause an independent audit of all accounts and financial records by a certified public accountant or public accountant in compliance with the provisions of Section 6505 of the Joint Exercise of Powers Act. To comply with this requirement the Authority should consider selecting an audit firm by way of a request for proposal.

Attached is a draft RFP for the Board's review and comment. After incorporating all comments by the Board, staff is recommending a release of the RFP on Wednesday, July 15, 2015. The RFP will be posted on the CalPFA website and emailed directly to accounting firms with expertise in these respective areas. The proposals will be due by noon on Friday, July 31, 2015.

**Recommendation:**

In order to comply with Section 9 of the California Public Finance Authority's Joint Exercise of Powers Agreement, it is recommended that this Board direct staff to release the attached form of RFP, subject to any further comments or additions by the Board, on July 15, 2015.



The California Public Finance Authority (CalPFA) invites qualified firms or individuals to submit proposals for Audit Services as described in the scope of work set forth below in this request for proposals (RFP).

## **Background**

CalPFA is a political subdivision of the State of California established under the Joint Exercise of Powers Act created by Kings County and the Housing Authority of Kings County. CalPFA is empowered to promote economic, cultural, and community development opportunities through the issuance of tax-exempt and taxable bonds throughout California.

More information can be found on the CalPFA website: [www.calpfa.org](http://www.calpfa.org)

## **RFP Contact**

Questions regarding the RFP should be directed to:

Amy Stoneham  
Sr. Accounting Manager  
CalPFA  
(925) 478-2100  
[astoneham@calpfa.org](mailto:astoneham@calpfa.org)

## **Proposal Due Dates**

One original and 5 copies of the proposal must be **received** by CalPFA no later than **Noon (12:00 p.m.) on Friday, July 31, 2015**. Proposals are to be sent to:

Amy Stoneham  
Sr. Accounting Manager  
CalPFA  
2999 Oak Road, Suite 710  
Walnut Creek, CA 94597

Facsimile proposals will not be accepted.

Additionally, please **email an electronic copy** of your proposal to Amy Stoneham at [astoneham@calpfa.org](mailto:astoneham@calpfa.org) by Noon (12:00 p.m.) on **Friday, July 31, 2015**.

Proposals received after Noon (12:00 p.m.) on **Friday, July 31, 2015** will be disqualified.



### **Incurred Costs**

CalPFA is not liable for any costs incurred by a proposer in the preparation and/or presentation of the proposal.

### **Independent Contractor**

The Auditor will be an independent contractor. All persons employed by a firm in accordance with a contract resulting from this RFP will be employees of the firm and not CalPFA.

### **Term of Contract**

Pursuant to the CalPFA Contract Policy, the auditor contract will begin on July 1, 2016, for a term of three years, and can be renewed for up to two years without any limitations on extensions. Under the Contract Policy there will be annual reviews of the services provided.



## **AUDIT SERVICE REQUIREMENTS**

### **SCOPE OF WORK**

#### **Services to Be Provided**

The Auditor is appointed by and reports to the Board of Directors and is responsible for providing annual audit services and other related matters.

### **PROPOSAL FORM AND CONTENT**

#### **Proposal Submittal**

The proposal shall not exceed ten (10) pages in length. Resumes and licenses shall not count against this page limit. The proposal must be organized in accordance with the list of proposal contents.

#### **Proposal Form and Content**

Proposers must include the following items in their proposals addressing the scope of work. All items must fall within the maximum page count. Proposals and cost schedule shall be valid and binding for ninety (90) days following the proposal due date and will become part of the contract that is negotiated with CalPFA.

#### **A. Letter of Transmittal**

Include a cover letter signed by a duly authorized representative of the firm. The cover letter must include name, address, telephone number and e-mail address of the proposer submitting the proposal. In addition, the name, title, address, telephone number, fax number and e-mail address of the person or persons to contact whom are authorized to represent the proposer and to whom correspondence should be directed should also be included. Additionally, the cover letter must include the following table containing the requested information:

- Name of proposed relationship manager
- Office address for auditor
- Annual Audit Preparation Fees
- Hourly rates for services
- Areas of expertise within your firm



- References (name, municipality, phone, email)
  - 1.
  - 2.
  - 3.

**B. Approach to Audit Services and Background**

Provide a response to each of the following items:

1. Describe your view of the role of the Auditor.
2. Describe how you track and manage audit costs so that CalPFA audit costs are held to a minimum. Please provide an example.
3. Describe your firm's background and history; include number of years in business.
4. Describe your firm's municipal, joint powers authority and bond financing audit services experience.
5. Location of office(s) that would serve CalPFA.

**C. Proposed Auditor(s)**

Name the person whom you propose to designate as the Auditor(s). Provide the following for each:

1. Certificates or licenses;
2. Description of education (including name of educational institutions, degrees conferred, and year of each degree);
3. Professional background and professional associations;
4. Experience with and knowledge of the law relating to joint powers authorities and bond finance;
5. Expertise and training.



**D. Expertise of Other Auditors to assist CalPFA**

1. Indicate the expertise your firm is able to provide CalPFA (e.g., bond financing)
2. Provide names and qualifications of auditors in your firm which would be able to provide such audit services.

**E. References**

Provide contact information for three municipal clients for which services have been provided in the last three years, so reference checks can be conducted. Please include the contact person's name, municipality, phone, and email address.

**F. Fee Schedule**

The selected Auditor will be required to provide services under a fee agreement for services rendered.

1. Please provide an hourly rate for all of the individuals who may be working with CalPFA from the firm. In addition, please provide a rate for special audit services.

Please provide the fees and rates in a table format.

**G. Additional Information**

Any other information that the proposer feels applicable to the evaluation of the proposal or of their qualification for accomplishing the audit services should be included in this section. You may use this section to address those aspects of your services that distinguish your firm from other firms.

**SELECTION PROCESS**

**Clarifications**

CalPFA reserves the right to seek clarification of each proposal submitted. CalPFA also reserves the right to require other evidence of technical, managerial, financial, or other abilities prior to selection.

**Interviews**

CalPFA may invite one or more proposers to be interviewed.





CALIFORNIA  
PUBLIC  
FINANCE  
AUTHORITY

**Method of Selection**

The members of the Board of Directors and program administrators will review the submitted proposals. After review, the Board of Directors and program administrators will interview the finalists. The Board of Directors will choose a finalist with whom to negotiate a contract and will make the final determination.

**Agreement**

A contract between CalPFA and the selected individual or firm will define the extent of services to be rendered, method and amount of compensation. The contract will be executed upon the Board of Directors approval.

B. Consider approving the Authorized Signatories for California Public Finance Authority.

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## SUMMARY AND APPROVALS

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**DATE:** JULY 14, 2015  
**SUBJECT:** CALPFA AUTHORIZED SIGNATORY DELEGATION  
**PURPOSE:** CONSIDERATION OF A RESOLUTION DELEGATING CERTAIN INDIVIDUALS TO EXECUTE AND DELIVER ANY APPROVED DOCUMENTS ON BEHALF OF THE AUTHORITY

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### **Background:**

After the Authority takes action to approve the issuance of bonds on behalf of a particular borrower several documents must be executed by the Authority relative to the transaction, including a trust indenture, loan agreement, and bond purchase agreement, to name a few. In addition, multiple original signatures of each document are often required to assemble a complete transcript for each member of the finance team after closing.

Currently any member of the Board of Directors of the Authority is authorized to execute approved bond documents on behalf of the Authority. In order to ease the burden of executing bond documents by the Board of Directors based on the anticipated number of issues of bonds per year, the Authority should consider delegating Kings County staff members to serve as an Authorized Signatory on behalf of the Board of Directors in the execution of bond documents approved by the Authority.

### **Recommendation:**

It is recommended that this Board adopt the proposed resolution of the California Public Finance Authority authorizing Larry Spikes, Deborah West, and Rebecca Campbell to serve as designees to execute and deliver documents requiring signature by the Board of Directors on behalf of the Authority.

**RESOLUTION NO. 15-01C**

**A RESOLUTION OF THE CALIFORNIA PUBLIC FINANCE AUTHORITY  
AUTHORIZING, AMONG OTHER MATTERS, DESIGNEES THEREOF TO  
EXECUTE AND DELIVER ON BEHALF OF THE BOARD OF DIRECTORS OR  
THE AUTHORITY DOCUMENTS REQUIRING SIGNATURE BY A DIRECTOR  
OF THE BOARD OF DIRECTORS OR OFFICER OF THE AUTHORITY AND  
AUTHORIZED BY AUTHORITY RESOLUTION**

**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 entered into a joint exercise of powers agreement dated as of May 12, 2015 (the “Agreement”) pursuant to which the California Public Finance Authority (the “Authority”) was organized; and

**WHEREAS**, pursuant to the Agreement, the Authority is administered by a Board of Directors (the “Board of Directors”) of the California Public Finance Authority, a joint powers agency created pursuant to a Joint Exercise of Powers Agreement dated as of May 12, 2015 (the “CalPFA Agreement”); and

**WHEREAS**, pursuant to the Agreement, the Board of Directors has the power, by resolution, to the extent permitted by the Act and any other applicable law, to delegate any of its functions to one or more of the Directors, its officers or its agents and to cause such designees to take any actions and execute any documents or instruments for and in the name and on behalf of the Board of Directors; and

**WHEREAS**, given the anticipated number of issues of bonds per year by the Authority and the related documentation, the Board of Directors desires to delegate to certain agents the function of execution and delivery on behalf of the Authority of any documents, certificates or instruments requiring signature by any Director, including any Director acting as an officer of the Board of Directors, that are authorized for execution and delivery by adoption of a resolution of the Authority (each an “Authority Resolution”); and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Authority as follows:

Section 1. The Authority hereby finds and determines that the foregoing recitals are true and correct.

Section 2. The Authority hereby appoints Larry Spikes, Deborah West, and Rebecca Campbell, and such other persons as may from time to time be appointed pursuant to a resolution of the Authority, as delegatee of the Directors with certain administrative duties as further specified in Sections 3 and 4 below. Larry Spikes, Deborah West, and Rebecca Campbell are each referred to herein as an “Authorized Signatory.”

Section 3. To the extent permitted by the Act or any other applicable law, the Board of Directors hereby delegates to each Authorized Signatory, on behalf of a Director, the administrative authority to execute and deliver, any documents, certificates or instruments requiring

signature by any Director, including any Director acting as an officer of the Board of Directors, that are authorized for execution and delivery by Authority Resolution, including, but not limited to, the execution and delivery of any bonds, notes or other evidences of indebtedness issued and/or delivered by the Authority.

Section 4. Any all amendments, consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents executed in connection with bonds issued by the Authority, which may be necessary or desirable in connection with (i) any amendment of such documents requested by the provider of the credit enhancement for the bonds, which does not adversely affect the holders thereof, or by all of the then-existing holders, but which in either case does not adversely affect the Authority or its Members; (ii) any transfer or other disposition of the applicable project that complies with the conditions set forth in the documents authorized in connection with the approval of such project; (iii) any addition or substitution of security for bonds which has no adverse affect on the holders thereof, especially if a mandatory tender is required; or (iv) any redemption of the bonds in accordance with their terms, may be given or taken by any Director of this Board of Directors without further authorization by this Board of Directors, and such Director is hereby authorized and directed to execute such amendment or give any such consent, approval, notice, order or request and to take any such action that such Director may deem necessary to further the purposes of this resolution and the continued financing of the applicable project.

To the extent permitted by the Act or any other applicable law, the Board of Directors hereby delegates to each Authorized Signatory, on behalf of a Director, including a Director acting as an officer of the Authority, the administrative authority to execute and deliver, any amendments, waivers, consents, approvals, notices, orders, requests, entered into or given in accordance with the documents that are authorized for execution and delivery by Authority Resolution, as provided to such Authorized Signatory by staff to the Authority upon the advice of counsel to the Authority.

Section 5. All actions heretofore taken by any Director, Authorized Signatory and other appropriate officers and agents of the Authority with respect to the matters herein contained are hereby ratified, confirmed and approved.

Section 6. This resolution shall take effect immediately upon its passage.

**PASSED AND ADOPTED** by the California Public Finance Authority this July 14, 2015.

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 July 14, 2015.

By \_\_\_\_\_  
Authorized Signatory  
California Public Finance Authority

- C. Consider approving the California Public Finance Authority Standard Form Document Provisions and Procedures.

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## SUMMARY AND APPROVALS

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**DATE:** JULY 14, 2015

**SUBJECT:** CALPEFA STANDARD DOCUMENT PROVISIONS AND POLICIES PACKET

**PURPOSE:** CONSIDERATION OF PROPOSED STANDARD DOCUMENT PROVISIONS AND POLICIES FOR DISTRIBUTION TO ALL BOND COUNSEL AND UNDERWRITERS OF AUTHORITY FINANCING REQUESTS

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### **Background:**

In order to provide guidance to prospective bond counsel and other finance professionals on the standard document provisions and policies required by the California Public Finance Authority relative to each financing to be considered, the Authority should consider adopting a standard document provisions and policies packet. The packet will provide guidance on the Authority's requirements and provide samples of acceptable forms of certificates and opinions, including:

- Timing of the submission of bond documents for review and for execution along with Authority contact information on where to send such documents.
- Identifying bond counsel responsibilities in the preparation of Authority resolutions and publication of TEFRA hearing notices.
- Providing a form of Authority legal notices and resolutions for local and County TEFRA hearings, bond approval resolution, document provisions for each transaction, including borrower indemnifications to the Authority, and sample closing certificates and opinions for consideration.

### **Recommendation:**

In order to create efficiencies in the bond issuance process by identifying all Authority requirements and expectations at the onset of a financing, it is recommended that this Board adopt the proposed standard document provisions and policies packet (attached) of the California Public Finance Authority to be distributed to bond counsel, borrower's counsel, and underwriter's counsel for each respective transaction.



July 10, 2015

VIA EMAIL

All Bond Counsel, Borrower's Counsel & Underwriter's Counsel

Re: California Public Finance Authority (the "Authority") –  
Conduit Financings for 501(c)(3) Borrowers Standard Document  
Provisions and Policies; Procedures for Execution of Documents in  
All Transactions

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To Whom It May Concern:

This letter serves to (i) provide procedures for the execution of legal documents by the Authority; and (ii) provide you with Authority guidelines and Standard Document Provisions and Policies in connection with conduit financings for 501(c)(3) borrowers. **This will further confirm that the Authority expects bond counsel to recognize that their client is the Authority and their responsibilities are to the Authority**, as issuer of the conduit bonds (the "Bonds").

#### **Reminders**

(1) Please recall that bond counsel is responsible for drafting and arranging for publication of TEFRA notices, the TEFRA resolution and the Additional Member approval resolution (if necessary), and the bond resolution.

(2) Please review Authority policy to determine that your financing complies with the requirements of the Authority. (Policy is attached as APPENDIX A)

(3) Please provide drafts of all documents (including the following Standard Document Provisions) for review by the Authority's Issuer Counsel **at least one week prior** to approval by the Board of Directors of the Authority, containing all Standard Document Provisions included in this packet. Documents not containing the standard issuer provisions will be returned to the drafter. Any documents submitted to the Authority, including the application, financial statements and draft legal/underwriting documents, may be accessed upon request as public records of a governmental agency.

(4) The Corporation Counsel opinion must be addressed to the Authority. The Corporation Counsel opinion must include a standard "10b-5" opinion on any disclosure document. See APPENDIX F attached hereto.



(5) The Tax Certificate must require that the Corporation retain a qualified rebate analyst and must name a party (either internal to the Corporation or an external consultant) responsible for continuing tax compliance.

(6) The Corporation must identify a party (either internal to the Corporation or external consultant) responsible for continuing disclosure.

(7) The IRS Form 8038 must be filled out completely prior to being executed by the Authority.

(8) The Authority will not be a party to any investment agreement, swap or similar contract.

(9) The Authority will not execute the Official Statement.

(10) The signature blocks for all documents should be prepared to be executed by the Authority by an "Authorized Signatory" without any requirements for seals or attestations.

#### **Standard Document Provisions for 501(c)(3) Conduit Borrowers**

(1) Attached as APPENDIX B: Form of Authority Resolution. This Resolution is the authorizing resolution to be adopted by the Authority. For submission of this Resolution for approval, see "Authority Meeting Procedures for Document Approval" below.

(2) Attached as APPENDIX C: Standard Document Provisions to be inserted, as appropriate, in the loan agreement, indenture, bond form, sale document, offering document and tax certificate.

(3) Attached as APPENDIX D: Form of Closing Certificate of the Authority.

(4) Attached as APPENDIX E: Form of 15c2-12 certificate of the Authority.

(5) Attached as APPENDIX F: Form of "standard 10b-5 opinion" to be addressed to the Authority by Corporation Counsel.

#### **Standard Document Provisions for All Transactions**

(1) Attached as APPENDIX G: Form of Closing Certificate regarding Authority's Joint Powers Agreement.

- (2) Attached as APPENDIX H: Form of Authority Counsel Opinion.
- (3) Attached as APPENDIX I: Form of Investor Letter.
- (4) Attached as APPENDIX J: Form of Hedge Identification.

### **Authority Meeting and Procedures for Document Approval**

**On the Wednesday prior** to the Authority's applicable approval meeting, one copy of each document to be approved by the Authority, together with the approving resolution of the Authority, shall be delivered (by Bond Counsel and/or Underwriter's Counsel) electronically to the Authority's Program Administrator at [bondapproval@calpfa.org](mailto:bondapproval@calpfa.org).

Please include an email address for delivery of the Authority Resolution after adoption. After approval by the Board of Directors, Bond Counsel will receive by email at that address a pdf of a certified copy of such Authority Resolution.

Documents drafted after Authority approval (such as closing documents and tax certificates) must be provided to the Authority's Program Administrator accompanied by a representation that the provisions are consistent with the Authority's Standard Document Provisions and Policies or an explanation as to the reason for deviation from any Standard Document Provisions or Policies. Bond Counsel or the other responsible attorney must solicit and receive affirmative signoff on such documents from the Authority's Program Administrator, who will coordinate with the Issuer Counsel, prior to submitting such documents for execution.

### **Execution of Documents**

Bond Counsel and underwriter's counsel are required to coordinate execution of signatures for their respective documents for each transaction.

*Timing of Document Delivery.* Documents for signature by the Authority must be delivered to Caitlin Lanctot and Mercedes Baumbach at least three (3) business days prior to when you wish them returned. Execution of sale documents (e.g., bond purchase contracts) is not an exception to this policy; the recipient of the signature page is directed to hold the signature of the Authority "in escrow" pending circulation of a final sale document with the pricing information inserted and sign-off by the Authority's Authorized Signatory or the Authority's Program Administrator.

All Bond Counsel, Borrower's Counsel &  
Underwriter's Counsel  
July 10, 2015  
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*Form of Documents for Execution.* Any document that does not require notarization must be sent via pdf, and a signed copy will be returned electronically without original or "wet" signatures. Send an email to Caitlin Lanctot at [clanctot@calpfa.org](mailto:clanctot@calpfa.org) and Mercedes Baumbach at [mibaumbach@calpfa.org](mailto:mibaumbach@calpfa.org) with (1) the execution version or a near final draft of the document to be executed, (2) a pdf of the signature page or pages for ease of printing, and (3) instructions for email return of the signature pages via pdf, including when such signature pages are needed.

Any document that requires notarization must be sent to Angela Valenzuela at Kings County, Attn: Angela Valenzuela, 1400 West Lacey Blvd. Bldg. 1, Hanford, CA 93230, Tel. 559.852.2378 in hardcopy, **with not more than 5 signature pages** attached and flagged for signature and notarial acknowledgement. You must also supply a return prepaid envelope with instructions or return label for the signature package. The Authority will not be responsible for recording or filing any documents. Please also send an email to Caitlin Lanctot at [clanctot@calpfa.org](mailto:clanctot@calpfa.org) and Mercedes Baumbach at [mibaumbach@calpfa.org](mailto:mibaumbach@calpfa.org) to notify the Authority in advance of the hardcopy documents to be received for execution.

All documents sent for execution (by email or otherwise) must be accompanied by (1) an email that notifies the recipient of the date that the Authority approved the financing and (2) an affirmative statement that the documents conform to the Standard Document Provisions and Policies.

### **Closing Procedures**

Please ensure that the Authority's fee and Issuer's Counsel is included on the costs of issuance requisition and paid at closing.

Prior to closing this financing, we will need to see that Bond Counsel has received an executed copy of the Corporation Counsel Opinion that complies with the Standard Document Provisions and Policies and Requisition No. 1 for costs of issuance including the Authority's fee and its Issuer's Counsel fee.

Within 60 days after the closing of this financing, please provide one CD-ROM of the transaction (if no CD-ROM available, please provide one loose transcript) for the Authority's official files to the Authority's Program Administrator located at **2999 Oak Road, Suite 710, Walnut Creek, CA 94597**.

All Bond Counsel, Borrower's Counsel &  
Underwriter's Counsel  
July 10, 2015  
Page 5

If you have any questions, please do not hesitate to contact us.

Very truly yours,

/s/

Caitlin Lanctot  
Program Administrator  
California Public Finance Authority  
Direct: (925) 280-4394  
Email: [clanctot@calpfa.org](mailto:clanctot@calpfa.org)

Mercedes Baumbach  
Program Administrator  
California Public Finance Authority  
Direct: (925) 478-5855  
Email: [mbaumach@calpfa.org](mailto:mbaumach@calpfa.org)

Enclosures

## Issuance Policy

### **Please Note:**

This Issuance Policy is intended as a guide for the California Public Finance Authority (“CalPFA”) and for applicants. While CalPFA reserves the right, in its discretion, to approve exceptions, applicants should not expect any exceptions.

### **General Requirements – All Financings**

1. Approval by the city, county or local agency hosting the proposed project as required under the Internal Revenue Code.
2. Standard indemnification with respect to the financing and the project provided by the applicant to CalPFA in the appropriate financing documents.
3. Standard indemnification with respect to the issuance and sale of Bonds provided by the underwriter to CalPFA in the purchase contract.
4. CalPFA’s Issuer Counsel shall conduct a review of the financing documents for consistency with CalPFA’s policies and form documents.
5. CalPFA’s program administrator shall conduct a review of the financing.
6. If offering material or a disclosure document is required, it shall contain language that CalPFA takes no responsibility for the disclosures contained therein (except for information under the sections titled "THE AUTHORITY" and "LITIGATION" to the extent such information pertains to CalPFA);
7. If offering material or a disclosure document is required, the applicant shall have its counsel deliver a 10b-5 opinion covering such document at closing. The contents of such opinion shall be to the satisfaction of CalPFA and its counsel.

### **Requirements for Financings Rated "BBB-" or Better**

### **Please Note:**

Financings rated "BBB-" through "AAA" by any one of the following rating agencies (S&P, Moody's, and Fitch) will be subject to the requirements below.

1. Bonds may be issued and sold through a public offering, private placement or limited public offering with appropriate disclosure or offering materials.
2. Bonds may be issued in \$5,000 or such other minimum denominations at the discretion of the applicant and approved by CalPFA.

**Requirements for Financings Rated Below "BBB-" or Unrated**

1. Bonds may be sold to (a) purchasers that are "qualified institutional buyers" as generally defined under Rule 144A of the Securities Act of 1933 who shall be required to furnish the Authority with a written representation, or satisfactory evidence, as to their status as qualified institutional buyers, and/or (b) purchasers that are "accredited investors" as generally defined under Regulation D of the Securities Act of 1933 and all initial accredited investors that are not qualified institutional buyers shall execute a sophisticated investor letter in form acceptable to CalPFA.
2. The offering material/disclosure document, if any, shall prominently indicate on the cover that Bonds can only be sold to qualified institutional buyers and/or accredited investors.
3. The face of each Bond shall contain a legend stating to the effect that such Bond can only be sold or transferred to qualified institutional buyers and/or accredited investors.
4. The bond documents shall contain provisions that restrict the ability to transfer the Bonds to only qualified institutional buyers and/or accredited investors.
5. Bonds may be issued and sold through a private placement or limited public offering with appropriate disclosure or offering materials, unless waived in the case of a private placement to a financial institution buyer that has performed underwriting/due diligence with respect to the applicant and the bonds.
6. Bonds may be issued in \$5,000 or such other minimum denominations at the discretion of the applicant and approved by the Authority; however, "accredited investors" shall be subject to a \$25,000 minimum purchase requirement.
7. Bonds shall be delivered in book-entry form, if delivered to a broker or dealer subject to MSRB Rule G-15, and otherwise shall be physically delivered.

**Effective Date**

Issuance Policy as set forth herein shall be effective immediately upon its adoption.  
(July 7, 2015)

The Authority's policies are subject to revision by the Authority at any time. Review the Authority's website to confirm the most up-to-date policy.

FORM OF CALIFORNIA PUBLIC FINANCE AUTHORITY RESOLUTION

RESOLUTION NO. \_\_\_\_\_

CALIFORNIA PUBLIC FINANCE AUTHORITY

**A RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$[PRINCIPAL AMOUNT] TO FINANCE [AND REFINANCE] THE [CONSTRUCTION, IMPROVEMENT, RENOVATION AND EQUIPPING] OF A [TYPE OF FACILITY] FOR [NAME OF CORPORATION] 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 “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 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, the [*Name of Corporation*], a California nonprofit [*public benefit*] corporation (the “Corporation”), wishes to finance [*refinance*] the [*construction, improvement, renovation and equipping*] of [*type of facility*] (the “Project”) owned and operated by the Corporation and [*to be*] located in the [*County/City*];

WHEREAS, the Corporation is requesting the assistance of the Authority in financing [*refinancing*] the Project;

WHEREAS, pursuant to an Indenture (the “Indenture”), between the Authority and [*Trustee*] (the “Trustee”), the Authority will issue the California Public Finance Authority [*Name of Bonds*] (the “Bonds”) for the purpose, among others, of financing [*refinancing*] the Project;

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

[*WHEREAS, pursuant to a Placement Agent Agreement, to be dated the date of placement of the Bonds (the “Placement Agreement”), among the [Placement Agent], as placement agent (the “Placement Agent”), the Authority and the Corporation, the Authority and the Corporation agree to cause the Trustee to authenticate and deliver the Bonds to or upon the order of the Placement Agent;*]

## APPENDIX B

*[WHEREAS, pursuant to a Bond Purchase Contract, to be dated the date of sale of the Bonds (the “Purchase Contract”), among [Underwriter], as underwriter (the “Underwriter”), the Authority and the Corporation, 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 [and refinance] the Project, [to fund a debt service reserve account] and to pay costs incurred in connection with the issuance of the Bonds;]*

*[WHEREAS, the Bonds will be offered for sale to Approved Institutional Buyers (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 *[Placement Agreement/Purchase Contract]*;
- (4) A proposed form of *[limited offering memorandum (the “Limited Offering Memorandum”)/official statement (the “Official Statement”)/private placement memorandum (the “Private Placement Memorandum”)]* to be used by the *[Placement Agent/Underwriter]* in connection with the *[placement/offering]* and sale of the Bonds; and

*[(5) ADD ANY OTHER MAJOR FINANCING DOCUMENTS TO WHICH THE AUTHORITY IS A PARTY.]*

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 *[Name of Bonds]*” in an aggregate principal amount not to exceed \_\_\_\_\_ dollars (\$\_\_\_\_\_). 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. 15-01C of the Authority, adopted on July 14, 2015 (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 *[trustee,]*



dated date, maturity date or dates, interest rate or rates [*or methods of determining rates*], [*tender provisions*], 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 [*Placement Agreement/Purchase Contract*], 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 [*Placement Agent Agreement/Purchase Contract*], 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/Official Statement/Private Placement Memorandum*], as made available to the Board of Directors, is hereby approved. The [*Placement Agent/Underwriter*] is hereby authorized to distribute the [*Limited Offering Memorandum/Official Statement/Private Placement Memorandum*] in preliminary form, to persons who may be interested in the purchase of the Bonds and to deliver the [*Limited Offering Memorandum/Official Statement/Private Placement 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

**APPENDIX B**

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/County] [ADD ALL TEFRA JURISDICTIONS HERE] has/have held the hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986, if required by said Section, to provide financing [*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 \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

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 \_\_\_\_\_, 20\_\_.

By: \_\_\_\_\_  
Authorized Signatory  
California Public Finance Authority

**FORM DOCUMENT PROVISIONS**

Address of Authority for Notice (for all documents):

1400 West Lacey Blvd.  
Hanford, CA 93230  
Attention: Chair

Form of Recitals (Loan Agreement):

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 “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 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, the Corporation has applied for the financial assistance of the Authority in the financing [*refinancing*] of the [*describe project*] (the “Project”) of [*describe facilities*] (as more particularly defined herein, the “Facilities”) to be owned and operated by the Corporation and are located in the [City / County] of \_\_\_\_\_; and

WHEREAS, the Authority has authorized the issuance of [*Name of Bonds*], (the “Bonds”), in an aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_) to finance [*refinance*] the Project; and

WHEREAS, the Authority and the Corporation have each duly authorized the execution, delivery and performance of this Loan Agreement;

Form of Findings by Authority (Loan Agreement):

Section \_\_\_\_\_. Findings by the Authority. The Authority hereby finds and determines that: (i) 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”), the County of Kings and the Housing Authority of the County of Kings entered into the Joint Powers Agreement and formed the Authority; (ii) the Authority is authorized by the Act to issue bonds, notes or other evidences of indebtedness, or certificates of participation for the purposes set forth therein; (iii) the Authority is a joint powers authority, organized and existing under the laws of the State of California (the “State”) that is separate and distinct from, and independent of, the State and its political subdivisions; (iv) the Authority has found and determined that the issuance of the Bonds under the Indenture and the [Project

Description] by the Borrowers will further the purposes of the Act; (v) the Authority has full power and authority to consummate all transactions contemplated by the Bonds, the Bond Documents and any and all other agreements relating thereto, and to perform all of its obligations hereunder and thereunder; (vi) the Authority has not pledged and covenants that it will not pledge the amounts derived from the Loan Agreement other than to secure the Bonds (except for Reserved Rights and the rights to payments in respect thereof, which the Authority retains); (vii) the Authority makes no warranty, express or implied, with respect to the Project or any portions thereof, including without limitation, the habitability thereof, the merchantability or fitness thereof for any particular purposes; the design or condition thereof; the workmanship, quality, or capacity thereof; latent defects therein; the value thereof; future performance or the compliance thereof with any legal requirements; and (viii) the Authority makes no representation or warranty, express or implied, that the proceeds of the Bonds will be sufficient to finance the acquisition, rehabilitation and equipping, as applicable, of the Project or that the Project will be adequate or sufficient for the Borrowers' intended purposes.

Form of Representations and Warranties by Corporation (Loan Agreement):

Section \_\_. Representations and Warranties of the Corporation. The Corporation represents and warrants to the Authority that, as of the date of execution of this Loan Agreement and as of the date of delivery of the Bonds to the initial purchasers thereof (such representations and warranties to remain operative and in full force and effect regardless of the issuance of the Bonds or any investigations by or on behalf of the Authority or the results thereof):

(a) The Corporation is a nonprofit [*public benefit*] corporation duly incorporated and in good standing under the laws of the State of [*California*], has full legal right, power and authority to enter into this Loan Agreement and the [*List Other Major Documents to Which Corporation is a Party*], and to carry out all of its obligations under and consummate all transactions contemplated hereby and by the [*List Other Major Documents to Which Corporation is a Party*], and by proper corporate action has duly authorized the execution, delivery and performance of this Loan Agreement and the [*List Other Major Documents to Which Corporation is a Party*].

(b) The officers of the Corporation executing this Loan Agreement and the [*List Other Major Documents to Which Corporation is a Party*] are duly and properly in office and fully authorized to execute the same.

(c) This Loan Agreement and the [*List Other Major Documents to Which Corporation is a Party*] have been duly authorized, executed and delivered by the Corporation.

(d) This Loan Agreement and the [*List Other Major Documents to Which Corporation is a Party*], when assigned to the Trustee pursuant to the Indenture, will constitute the legal, valid and binding agreements of the Corporation enforceable against the Corporation by the Trustee in accordance with their terms for the benefit of the Holders of the Bonds, and any rights of the Authority and obligations of the Corporation

not so assigned to the Trustee constitute the legal, valid, and binding agreements of the Corporation enforceable against the Corporation by the Authority in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(e) The execution and delivery of this Loan Agreement and the [*List Other Major Documents to Which Corporation is a Party*], the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the articles of incorporation of the Corporation, its bylaws, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement or the [*List Other Major Documents to Which Corporation is a Party*], or the financial condition, assets, properties or operations of the Corporation.

(f) No consent or approval of any trustee or holder of any indebtedness of the Corporation or any guarantor of indebtedness of or other provider of credit or liquidity of the corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of this Loan Agreement or the [*List Other Major Documents to Which Corporation is a Party*], or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(g) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Corporation, after reasonable investigation, threatened, against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, this Loan Agreement or the [*List Other Major Documents to Which Corporation is a Party*], or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement or the [*List Other Major Documents to Which Corporation is a*

*Party*], or the financial condition, assets, properties or operations of the Corporation. All tax returns (federal, state and local) required to be filed by or on behalf of the Corporation have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Corporation in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein. The Corporation enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating its facilities.

(h) No written information, exhibit or report furnished to the Authority by the Corporation in connection with the negotiation of this Loan Agreement or the [*List Other Major Documents to Which Corporation is a Party*] contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) The Corporation is an organization described in Section 501(c)(3) of the Code and is exempt from federal income tax under Section 501(a) of the Code, except for unrelated business taxable income under Section 511 of the Code, and is not a private foundation as described in Section 509(a) of the Code.

(j) The Corporation has good and marketable title to the [*Facilities*] free and clear from all encumbrances other than [*Permitted Liens*].

(k) The Corporation's audited consolidated balance sheets at \_\_\_\_\_ and \_\_\_\_\_, and the related consolidated statements of income and consolidated statements of cash flows for the years ended \_\_\_\_\_ and \_\_\_\_\_ (copies of which have been furnished to the Authority) fairly present the financial position of the Corporation at such date and the results of operations for the year ended on such date, and since such date there has been no material adverse change in the financial condition or results of operations of the Corporation.

(l) The Corporation complies in all material respects with all applicable Environmental Regulations.

(m) Neither the Corporation nor the Facilities are the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by Environmental Regulations or to respond to a release of any Hazardous Substances into the environment.

(n) The Corporation does not have any material contingent liability in connection with any release of any Hazardous Substances into the environment.

Form of Payment Provisions for Fees (Loan Agreement):

Section \_\_. Additional Payments. In addition to the Loan Repayments, the Corporation shall also pay to the Authority or to the Trustee, as the case may be, “Additional Payments,” as follows:

(a) All taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Corporation shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, as the case may be, at the Corporation’s expense, to protest and contest any such taxes or assessments assessed or levied upon them and that the Corporation shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee;

(b) All reasonable fees, charges and expenses of the Trustee for services rendered under the Indenture and all amounts referred to in Section \_\_\_\_ of the Indenture, as and when the same become due and payable;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Loan Agreement, [*List Other Major Documents to Which Corporation is a Party*] or the Indenture; and

(d) The annual fee of the Authority and the reasonable fees and expenses of the Authority or any agent or attorney selected by the Authority to act on its behalf in connection with this Loan Agreement, [*List Other Major Documents to Which Corporation is a Party*], the Bonds or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or in connection with any litigation, investigation, inquiry or other proceeding which may at any time be instituted involving this Loan Agreement, [*List Other Major Documents to Which Corporation is a Party*], the Bonds or the Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Corporation, its properties, assets or operations or otherwise in connection with the administration of this Loan Agreement [*List Other Major Documents to Which Corporation is a Party*].

Such Additional Payments shall be billed to the Corporation by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Authority or the Trustee for one or more of

the above items. After such a demand, amounts so billed shall be paid by the Corporation within thirty (30) days after receipt of the bill by the Corporation. Notwithstanding the foregoing, the Authority shall not be required to submit a bill to the Corporation for payment of the Authority's annual fee of [0.015]% of the aggregate principal amount of Bonds Outstanding under the Indenture. Such annual fee shall be paid by the Corporation to the Trustee on a prorata basis (i.e., the annual fee shall be divided by the number of payments to be made during each annual period based on the number of interest payments), due and payable in arrears, on each respective Interest Payment Date (deeming, for purposes of calculating the prorata fee to be paid, any principal to be paid on or as of such Interest Payment Date as no longer Outstanding) and shall be made as an Additional Payment in accordance with this Section and Section \_\_ of the Indenture.

**[NOTE: Payments to the Authority should be no more often than semiannually, and in the case of variable rate transactions, the payments should align with mandatory sinking account payments or principal payments, in order to give the Corporation the benefit of a reduced Authority fee].**

**\* [NOTE: Financing Parties should determine which fee calculation is applicable to the Corporation by referencing the Fee Schedule set forth on the Authority's website or in discussion with staff. Fee must be filled in and negotiated prior to approval of documents by the Board of Directors.]**

Form of Prohibited Uses (Loan Agreement):

Section \_\_. Prohibited Uses. No portion of the proceeds of the Bonds shall be used to finance or refinance any facility, place or building to be used (1) primarily for sectarian instruction or study or as a place for devotional activities or religious worship or (2) by a person that is not a 501(c)(3) Organization or a Governmental Unit or by a 501(c)(3) Organization (including the Corporation) in an "unrelated trade or business" (as set forth in Section 513(a) of the Code), in such a manner or to such extent as would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Code.

Form of Covenant re Special Services (Loan Agreement):

Section \_\_. Special Services Covenant. The Corporation shall maintain a [*type of facility*] facility providing [*type of services rendered*] services to [*recipients of services, e.g., students, patients, etc.*] within the territorial limits of the Program Participant, as long as any Bonds remain Outstanding; provided, however, the Authority, upon review of such facts as it deems relevant, may, from time to time, allow the Corporation to provide alternative services which provide public benefit to the Program Participant and its residents, or deem this special services covenant to be satisfied in whole or in part. Failure to comply with the provisions of this Section shall not constitute a [*Loan Default Event*] but shall be enforceable solely by the Authority by such action, at law or in equity, as the Authority in its sole discretion shall deem appropriate. This Section shall not be enforceable by the Trustee, any Bondholder, the Program Participant, any resident of the Program Participant or by any other Person other than the Authority.



Form of Non-Liability Provisions (Loan Agreement):

Section \_\_. Non-Liability of Authority. The Authority shall not be obligated to pay the principal (or Redemption Price) of or interest on the Bonds, except from Revenues and other moneys and assets received by the Trustee pursuant to this Loan Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof (including the [City / County] of \_\_\_\_\_), nor the faith and credit of the Authority is pledged to the payment of the principal (or Redemption Price) of or interest on the Bonds. The Authority shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Corporation under this Loan Agreement.

The Corporation hereby acknowledges that the Authority's sole source of moneys to repay the Bonds (whether by maturity, redemption, acceleration or otherwise) will be provided by the payments made by the Corporation to the Trustee pursuant to this Loan Agreement, together with amounts on deposit in and investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or Redemption Price) of and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Corporation shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or Redemption Price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Corporation, the Authority or any third party, subject to any right of reimbursement from the Trustee, the Authority or any such third party, as the case may be, therefor.

The Corporation acknowledges that the [City / County] of \_\_\_\_\_ shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with, the Bonds.

Form of Expenses (Loan Agreement):

Section \_\_. Expenses. The Corporation covenants and agrees to pay and indemnify the Authority, the [City / County] of \_\_\_\_\_ and the Trustee against all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Trustee, without negligence) and arising out of or in connection with this Loan Agreement, [*List Other Major Documents to Which Corporation is a Party*], the Bonds or the Indenture. These obligations and those in Section \_\_ [*Indemnification*] shall remain valid and in effect notwithstanding repayment of the loan hereunder or the Bonds or termination of this Loan Agreement or the Indenture.

Form of Indemnification (Loan Agreement):

Section \_\_. Indemnification. (a) To the fullest extent permitted by law, the Corporation agrees to indemnify, hold harmless and defend the Authority, [City / County] of \_\_\_\_\_, the Trustee, and each of their respective officers, governing members, directors, officials, employees, attorneys and agents (collectively, the “Indemnified Parties”), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Bonds, the Indenture, this Loan Agreement, [*List Other Major Documents to Which Corporation is a Party*] or the Tax Agreement or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Bonds;

(ii) any act or omission of the Corporation or any of its agents, contractors, servants, employees, tenants or licensees in connection with the Project or the Facilities, the operation of the Project or the Facilities, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or the Facilities or any part thereof;

(iii) any lien or charge upon payments by the Corporation to the Authority and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority or the Trustee in respect of any portion of the Project or the Facilities;

(iv) any violation of any Environmental Regulations with respect to, or the release of any Hazardous Substances from, the Project or the Facilities or any part thereof;

(v) the defeasance and/or redemption, in whole or in part, of the Bonds;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering or disclosure document or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from any offering or disclosure document or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(vii) any declaration of taxability of interest on the Bonds, or allegations that interest on the Bonds is taxable or any regulatory audit or inquiry regarding whether interest on the Bonds is taxable;

(viii) the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party;

except (A) in the case of the foregoing indemnification of the Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the Authority or the [City / County] of \_\_\_\_\_ or any of their officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Corporation, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Corporation shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Corporation if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to Section \_\_, this Section \_\_ and Section \_\_ shall survive the final payment or defeasance of the Bonds and in the case of the Trustee any resignation or removal. The provisions of this Section shall survive the termination of this Loan Agreement.

Form of Waiver of Personal Liability (Loan Agreement):

Section \_\_. Waiver of Personal Liability. No member, officer, agent or employee of the [City / County] of \_\_\_\_\_ or the Authority or any director, officer, agent or employee of the Corporation shall be individually or personally liable for the payment of any principal (or Redemption Price) of or interest on the Bonds or any sum hereunder or under the Indenture or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.

Form of Recitals (Indenture):

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 “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 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, the Corporation has applied for the financial assistance of the Authority in the financing [*refinancing*] of the [*describe project*] (the “Project”) of [*describe facilities*] (as more particularly defined herein, the “Facilities”) to be owned and operated by the Corporation and are located in the [City / County] of \_\_\_\_\_; and

WHEREAS, the Authority has authorized the issuance of [*Name of Bonds*], (the “Bonds”), in an aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_) to finance [*refinance*] the Project; and

WHEREAS, the Authority and the Corporation have each duly authorized the execution, delivery and performance of this Loan Agreement;

WHEREAS, the Authority has authorized the issuance of its [*Name of Bonds*] (the “Bonds”), in an aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_) to finance [*refinance*] the Project; and

WHEREAS, the Authority has duly entered into a loan agreement, dated as of \_\_\_\_\_, with the Corporation specifying the terms and conditions of a loan by the Authority to the Corporation of the proceeds of the Bonds to provide for [*financing/refinancing*] of the Project and of the payment by the Corporation to the Authority of amounts sufficient for the payment of the principal (or Redemption Price) of and interest on the Bonds and certain related expenses; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal (or Redemption Price) thereof and interest thereon, the Authority has authorized the execution and delivery of this Indenture; and

WHEREAS, the Bonds, and the Trustee’s certificate of authentication and assignment to appear thereon, shall be in substantially the form attached hereto as Exhibit \_\_\_, and incorporated into this Indenture by this reference, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized;

Definitions (Indenture or such other “master definition” document):

“Act” means the Joint Exercise of Powers Act, constituting Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Authority” means the California Public Finance Authority, or its successors and assigns.

“Authorized Signatory” means any member of the Board of Directors of the Authority and any other person as may be designated and authorized to sign on behalf of the Authority pursuant to a resolution adopted thereby.

“Environmental Regulations” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances or chemical waste, materials or substances.

“501(c)(3) Organization” means an organization described in Section 501(c)(3) of the Code.

“Governmental Unit” shall have the meaning set forth in Section 150 of the Code.

“Hazardous Substances” means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Project or to persons on or about the Project or (ii) cause the Project to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of “waste,” “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste,” or “toxic substances” or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act (“RCRA”), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Hazardous Waste Control Law (“HWCL”), Cal. Health & Safety Code §§ 25100 et seq.; the Hazardous Substance Account Act (“HSAA”), Cal. Health & Safety Code §§ 25300 et seq.; the Underground

Storage of Hazardous Substances Act, Cal. Health & Safety Code §§ 25280 et seq.; the Porter-Cologne Water Quality Control Act (the “Porter-Cologne Act”), Cal. Water Code §§ 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Project or the owners and/or occupants of property adjacent to or surrounding the Project, or any other person coming upon the Project or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

“Joint Powers Agreement” means the Joint Exercise of Powers Agreement, dated May 12, 2015, relating to the formation of the Authority, among Kings County and the Housing Authority of Kings County.

“Remittance Address” means, (i) for payment of the Authority’s annual fee by check, California Public Finance Authority, address, or such other address designated by the Authority as such from time to time, or (ii) for payment of the Authority’s annual fee by wire transfer or ACH Transaction, US Bank, ABA# \_\_\_\_\_, DDA A/C# \_\_\_\_\_, Reference: [*Invoice # / Borrower Name*] or such other instructions designated by the Authority from time to time.

Form of Bond Terms – Transfer Restrictions for Financings Rated Below BBB- or Unrated (Indenture):

SECTION \_\_\_\_\_. Terms of the Bonds. The Bonds shall be issued as [*physical certificated instruments (and shall not be held in a book-entry only system unless approved in advance by the Authority)*][*fully registered bonds without coupons*] [**NOTE: book-entry is permitted so long as the broker-dealer is subject to rule G-15 of the MSRB and covenants to this effect to the Authority in the sale document**] in denominations of \$5,000. The Bonds shall be registered in the name of the initial Holder thereof which shall be an Approved Institutional Buyer (as defined in Section \_\_\_\_). Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except to an Approved Institutional Buyer, as set forth in this Article \_\_\_\_\_. [*The Bonds shall be dated [as of \_\_\_\_\_], and interest thereon shall be payable on \_\_\_\_\_ and \_\_\_\_\_ in each year commencing \_\_\_\_\_.* *The Trustee shall not authenticate or register a Bond unless the conditions of this Section are satisfied. The Bonds shall mature on the following dates in the following amounts (subject to the right of prior redemption set forth in Article \_\_\_\_\_) and shall bear interest at the following rates per annum.:*]

SECTION \_\_\_\_\_. Restrictions on Registration and Transfer of Bonds. Notwithstanding any other provision hereof, the Bonds may not be registered in the name of, or transferred to, any person except an Approved Institutional Buyer; provided however, pursuant to Section \_\_\_\_ [**Book-Entry**], Bonds registered in the name of the [*Securities Depository*] or its nominee shall be deemed to comply with this Section so long as each beneficial owner of the Bonds is an Approved Institutional Buyer. [**NOTE: the term Qualified Institutional Buyer may be substituted for the term Approved Institutional**

**Buyer at the discretion of the financing team] [NOTE: if selling to Accredited Investors use or add the definition of Accredited Investor in Regulation D of the Securities Act of 1933]**

“Approved Institutional Buyer” means an institution which meets at least one of the following criteria:

1. Any of the following entities, acting for its own account or the accounts of other Approved Institutional Buyers, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with the entity:

(A) Any insurance company as defined in Section 2(13) of the Securities Act of 1933, as amended;

**NOTE: A purchase by an insurance company for one or more of its separate accounts, as defined by Section 2(a)(37) of the Investment Company Act of 1940 (the “Investment Company Act”), which are neither registered under Section 8 of the Investment Company Act nor required to be so registered, shall be deemed to be a purchase for the account of such insurance company.**

(B) Any investment company registered under the Investment Company Act or any business development company as defined in Section 2(a)(48) of that Act;

(C) Any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

(D) Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees;

(E) Any employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974;

(F) Any trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in paragraph (1)(D) or (E) of this section, except trust funds that include as participants individual retirement accounts or H.R. 10 plans;

(G) Any business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

(H) Any organization described in Section 501(c)(3) of the Code, corporation (other than a bank as defined in Section 3(a)(2) of the Securities Act of 1933, as amended, or a savings and loan association or other institution referenced in Section 3(a)(5)(A) of the Securities Act of 1933, as amended,

or a foreign bank or savings and loan association or equivalent institution), partnership, or Massachusetts or similar business trust; and

- (I) Any investment adviser registered under the Investment Advisers Act.
2. Any dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended, acting for its own account or the accounts of other Approved Institutional Buyers, that in the aggregate owns and invests on a discretionary basis at least \$10 million of securities of issuers that are not affiliated with the dealer, provided, that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer.
3. Any dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended, acting in a riskless principal transaction on behalf of an Approved Institutional Buyer.

**NOTE: A registered dealer may act as agent, on a non-discretionary basis, in a transaction with an Approved Institutional Buyer without itself having to be an Approved Institutional Buyer.**

4. Any investment company registered under the Investment Company Act, acting for its own account or for the accounts of other Approved Institutional Buyers, that is part of a family of investment companies which own in the aggregate at least \$100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies. “Family of investment companies” means any two or more investment companies registered under the Investment Company Act, except for a unit investment trust whose assets consist solely of shares of one or more registered investment companies, that have the same investment adviser (or, in the case of unit investment trusts, the same depositor), provided, that, for purposes of this section:
  - (A) Each series of a series company (as defined in Rule 18f-2 under the Investment Company Act [17 CFR 270.18f-2]) shall be deemed to be a separate investment company; and
  - (B) Investment companies shall be deemed to have the same adviser (or depositor) if their advisers (or depositors) are majority-owned subsidiaries of the same parent, or if one investment company’s adviser (or depositor) is a majority-owned subsidiary of the other investment company’s adviser (or depositor).
5. Any entity, all of the equity owners of which are Approved Institutional Buyers, acting for its own account or the accounts of other Approved Institutional Buyers.



6. Any bank as defined in Section 3(a)(2) of the Securities Act of 1933, as amended, any savings and loan association or other institution as referenced in Section 3(a)(5)(A) of the Securities Act of 1933, as amended, or any foreign bank or savings and loan association or equivalent institution, acting for its own account or the accounts of other Approved Institutional Buyers, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least \$25 million as demonstrated in its latest annual financial statements, as of a date not more than 16 months preceding the date of sale under Rule 144A of the Securities Act of 1933 in the case of a U.S. bank or savings and loan association, and not more than 18 months preceding such date of sale for a foreign bank or savings and loan association or equivalent institution.

In determining the aggregate amount of securities owned and invested on a discretionary basis by an entity, the following instruments and interests shall be excluded: bank deposit notes and certificates of deposit; loan participations; repurchase agreements; securities owned but subject to a repurchase agreement; and currency, interest rate and commodity swaps.

The aggregate value of securities owned and invested on a discretionary basis by an entity shall be the cost of such securities, except where the entity reports its securities holdings in its financial statements on the basis of their market value, and no current information with respect to the cost of those securities has been published. In the latter event, the securities may be valued at market for purposes of this section.

In determining the aggregate amount of securities owned by an entity and invested on a discretionary basis, securities owned by subsidiaries of the entity that are consolidated with the entity in its financial statements prepared in accordance with generally accepted accounting principles may be included if the investments of such subsidiaries are managed under the direction of the entity, except that, unless the entity is a reporting company under Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, securities owned by such subsidiaries may not be included if the entity itself is a majority-owned subsidiary that would be included in the consolidated financial statements of another enterprise.

For purposes of this section, “riskless principal transaction” means a transaction in which a dealer buys a security from any person and makes a simultaneous offsetting sale of such security to an Approved Institutional Buyer, including another dealer acting as riskless principal for an Approved Institutional Buyer.

Form of Execution of Bonds provision (Indenture):

Section \_\_. Execution of Bonds. 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 Authorized Signatory, and attested by the manual or facsimile signature of the Secretary of the Authority or the manual signature of any Authorized

Signatory. The Bonds shall then be delivered to the Trustee for authentication by it. In case any officer of the Authority or Authorized Signatory who shall have signed or attested any of the Bonds shall cease to be such officer or Authorized Signatory before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority or Authorized Signatory, and also any Bond may be signed and attested on behalf of the Authority by such persons as at the actual date of execution of such Bond shall be the proper officers of the Authority or Authorized Signatory although at the nominal date of such Bond any such person shall not have been such officers of the Authority or Authorized Signatory.

Notification to Authority re Amount of Outstanding Bonds (Indenture):

On or before July 15 of each year the Trustee shall notify the Authority, via mutually acceptable electronic means or by mail, of the aggregate principal amount of Outstanding Bonds as of June 30 of such year or that no Bonds remain Outstanding.

Form of Payment Provisions for Fees (Indenture):

Section \_\_. Additional Payments. The Trustee shall transfer the Additional Payments constituting the Authority's annual fee, promptly upon receipt thereof from the Corporation, to the Authority at the Remittance Address.

Form of Legend for Bonds for Financings Rated Below BBB- or Unrated (or, at the discretion of the Authority, rated BBB-) (Bonds):

*[Either of the following are acceptable to the Authority:]*

BY POSSESSION OF THIS BOND, THE HOLDER CERTIFIES THAT IT IS AN APPROVED INSTITUTIONAL BUYER AS DEFINED IN THE INDENTURE. THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND, ACKNOWLEDGES THAT THIS BOND MAY ONLY BE REGISTERED IN THE NAME OF, OR TRANSFERRED TO, AN "APPROVED INSTITUTIONAL BUYER."

[or]

THIS BOND MAY ONLY BE REGISTERED IN THE NAME OF, OR TRANSFERRED TO, AN "APPROVED INSTITUTIONAL BUYER" AS DEFINED IN THE INDENTURE.

Form of Letter of Credit Language (for LC-backed transaction for financings with underlying rating below BBB- or unrated) (Loan Agreement):

The Letter of Credit may be replaced by an Alternate Letter of Credit complying with the provisions of Section \_\_\_ of the Indenture. The Corporation shall at all times maintain a Letter of Credit securing the Bonds which causes the Bonds to be rated

at least “BBB-” or better by a Rating Service and shall at any time the Bonds are no longer rated at least “BBB-” or better by a Rating Service use its bests efforts to replace the existing Letter of Credit with an Alternative Letter of Credit pursuant to Section \_\_\_\_ of the Indenture which will cause the Bonds to be rated at least “BBB-” or better by a Rating Service.

*[Letter of Credit requirement may be removed upon conversion to long-term or fixed rate if the Indenture requires that the Bonds then be rated BBB- or higher for conversion to occur]*

Form of Disclaimer (Official Statement, Indenture and Bond):

THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR. THE AUTHORITY SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, OR THE REDEMPTION PREMIUM OR INTEREST THEREON, EXCEPT FROM THE FUNDS PROVIDED THEREFOR UNDER THE INDENTURE AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE REDEMPTION PREMIUM OR INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER. MOREOVER, NEITHER THE AUTHORITY [CITY / COUNTY] OF \_\_\_\_\_ SHALL BE LIABLE FOR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS, IN CONNECTION WITH THE LOAN AGREEMENT, THE BONDS OR THE INDENTURE, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE CORPORATION UNDER THE LOAN AGREEMENT.

Form of Non-Liability Provisions (Indenture):

Section \_\_\_\_\_. Non-Liability of Authority. The Authority shall not be obligated to pay the principal (or Redemption Price) of or interest on the Bonds, except from Revenues and other moneys and assets received by the Trustee pursuant to the Loan Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof (including the Program Participant[s]), nor the faith and credit of the Authority is pledged to the payment of the principal (or Redemption Price) of or interest on the Bonds. Neither the Authority nor the [City / County] of \_\_\_\_\_ shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Loan Agreement, the Bonds or this Indenture, except only to the extent amounts are received for the payment thereof from the Corporation under the Loan Agreement.

## APPENDIX C

The Trustee hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Corporation to the Trustee pursuant to the Loan Agreement, together with investment income on certain funds and accounts held by the Trustee under this Indenture, and hereby agrees that if the payments to be made under the Loan Agreement shall ever prove insufficient to pay all principal (or Redemption Price) and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then the Trustee shall give notice to the Corporation in accordance with Section \_\_\_ [**Events of Default and Remedies**] of this Indenture to pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or Redemption Price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Corporation, the Authority or any third party, subject to any right of reimbursement from the Trustee, the Authority or any such third party, as the case may be, therefor.

Form of Disclaimer re Authority's non-obligation to enforce assigned rights under Indenture and Loan Agreement (Indenture; "assignment" section or "remedies upon default" section):

Notwithstanding anything to the contrary in this Indenture, the Authority shall have no obligation to and instead the Trustee may, without further direction from the Authority, take any and all steps, actions and proceedings, to enforce any or all rights of the Authority (other than those specifically retained by the Authority pursuant to Section \_\_\_ of this Indenture) under this Indenture or the Loan Agreement, including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the Corporation under the Loan Agreement.

Form of Language Describing Authority (Official Statement):

The Authority is a joint powers agency organized pursuant to a Joint Powers Agreement among Kings County and the Housing Authority of Kings County pursuant to the provisions relating to the joint exercise of powers contained in Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code. The Authority is authorized to participate in financings for the benefit of certain organizations described under Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code").

[**Optional**] The Authority has entered into, sold and delivered obligations, and will in the future enter into, sell and deliver obligations, other than the Bonds, which other obligations are and will be secured by instruments separate and apart from the [*Indenture*] and the [*Loan Agreement*]. The holders of such obligations of the Authority have no claim on the security for the Bonds and the holders of the Bonds will have no claim on the security of such other obligations issued by the Authority.

Form of Disclosure regarding Litigation (Official Statement):

To the knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency,

public board or body, pending against the Authority seeking to restrain or enjoin the sale or issuance of the Bonds, or in any way contesting or affecting any proceedings of the Authority taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, the validity or enforceability of the documents executed by the Authority in connection with the Bonds, the completeness or accuracy of the [*Limited Offering Memorandum/Official Statement*] or the existence or powers of the Authority relating to the sale of the Bonds.

Form of Limitation of Liability of Authority (Bond placement or sale document):

Section \_\_\_\_\_. Limitation of Liability of Authority. The Authority shall not be directly, indirectly, contingently or otherwise liable for any costs, expenses, losses, damages, claims or actions of any conceivable kind under any conceivable theory under this [*Bond*][*Purchase/Placement*][*Contract/Agreement*] or any document or instrument referred to herein or by reason of or in connection with this [*Bond*] [*Purchase/Placement*] [*Contract/Agreement*] or other document or instrument except to the extent it receives amounts from the Corporation available for such purpose.

Certain Conditions to Include in Section Re Conditions to Obligations of the Authority (Bond placement or sale document)

(\_\_\_) The Authority's closing fee and the Authority's Issuer Counsel fee shall have been paid by wire transfer or in other immediately available funds or arrangements reasonably satisfactory to the Authority and its special counsel shall have been made to pay such fees from the proceeds of the Bonds or otherwise.

(\_\_\_) The Underwriter shall provide information to which it has access in its ordinary course of business that is requested by the Authority for purposes of its compliance with California Government Code Section 8855.

Form of Representations of Authority (Bond placement or sale document):

Section \_\_\_\_\_. Representations and Agreements of the Authority. The Authority represents to and agrees with the [*Placement Agent/Purchaser/Underwriter*] and the Corporation that:

(a) The Authority is a joint powers agency organized and existing under the laws of the State of California and has full power and authority to adopt the Resolution, and to enter into and to perform its obligations under the Indenture, the Loan Agreement and this [*Bond*][*Purchase/Placement*][*Contract/Agreement*] (collectively, the "Authority Documents"); and when executed and delivered by the respective parties thereto, the Authority Documents will constitute the legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases

and to the limitation on legal remedies against joint powers authorities in the State of California;

(b) By official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has approved and authorized the distribution of the Preliminary [*Limited Offering Memorandum/Official Statement*] and the [*Limited Offering Memorandum/Official Statement*] and authorized and approved the execution and delivery of the Authority Documents and the consummation by the Authority of the transactions contemplated thereby;

(c) To the knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending against the Authority seeking to restrain or enjoin the sale or issuance of the Bonds, or in any way contesting or affecting any proceedings of the Authority taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, in any way contesting the validity or enforceability of the Authority Documents or contesting in any way the completeness or accuracy of the [*Limited Offering Memorandum/Official Statement*] or the existence or powers of the Authority relating to the sale of the Bonds;

(d) The statements and information contained in the [*Limited Offering Memorandum/Official Statement*] under the caption “THE AUTHORITY” are true and correct in all material respects, and the information contained under the caption “THE AUTHORITY” in the [*Limited Offering Memorandum/Official Statement*] does not contain an untrue statement of a material fact or omit any statement or information concerning the Authority which is necessary to make such statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect;

(e) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the [*Placement Agent/Purchaser/Underwriter*], at the expense of the [*Placement Agent/Purchaser/Underwriter*] or Corporation as the [*Placement Agent/Purchaser/Underwriter*] may reasonably request in endeavoring (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the [*Placement Agent/Purchaser/Underwriter*] may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the Authority be required to take any action that would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject;

(f) The execution and delivery by the Authority of the Authority Documents and compliance with the provisions on the Authority’s part contained therein will not conflict with or constitute a material breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise

subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Authority Documents;

(g) If before the “end of the underwriting period” (as defined in S.E.C. Rule 15c2-12), an event occurs, of which the Authority has knowledge, which might or would cause the information contained in the [*Limited Offering Memorandum/Official Statement*] under the heading “THE AUTHORITY” as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, or if the Authority is notified by the Corporation pursuant to the provisions of the Letter of Representations or otherwise requested to amend, supplement or otherwise change the [*Limited Offering Memorandum/Official Statement*], the Authority will notify the [*Placement Agent/Purchaser/Underwriter*] and the Corporation, and if in the opinion of the [*Placement Agent/Purchaser/Underwriter*] such event requires the preparation and publication of a supplement or amendment to the [*Limited Offering Memorandum/Official Statement*], the Authority will cooperate with the Corporation and the [*Placement Agent/Purchaser/Underwriter*] to amend or supplement the [*Limited Offering Memorandum/Official Statement*] in a form and in a manner approved by the [*Placement Agent/Purchaser/Underwriter*], provided all expenses thereby incurred will be paid by the Corporation; and

(h) During the period described in the preceding paragraph, (a) the Authority will not participate in the issuance of any amendment of or supplement to the [*Limited Offering Memorandum/Official Statement*] to which, after being furnished with a copy, the Corporation or the [*Placement Agent/Purchaser/Underwriter*] shall reasonably object in writing or which shall be disapproved by any of their respective counsel and (b) if any event relating to or affecting the Authority shall occur as a result of which it is necessary, in the opinion of counsel for the [*Placement Agent/Purchaser/Underwriter*], to amend or supplement the [*Limited Offering Memorandum/Official Statement*] in order to make the [*Limited Offering Memorandum/Official Statement*] not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Authority will cooperate with the Corporation and the [*Placement Agent/Purchaser/Underwriter*] to prepare and furnish to the [*Placement Agent/Purchaser/Underwriter*] and the Corporation (at the expense of the Corporation) a reasonable number of copies of an amendment of or supplement to the [*Limited Offering Memorandum/Official Statement*] (in form and substance satisfactory to counsel for the [*Placement Agent/Purchaser/Underwriter*]) which will amend or supplement the [*Limited Offering Memorandum/Official Statement*] so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time the [*Limited Offering Memorandum/Official Statement*] is delivered to a purchaser, not misleading.

The execution and delivery of this [*Placement Agent Agreement/Bond Purchase Contract*] by the Authority shall constitute a representation by the Authority to the [*Placement Agent/Purchaser/Underwriter*] that the representations and agreements contained in this Section are true as of the date hereof; provided, however, that as to information furnished by the Corporation pursuant to this [*Placement Agent Agreement/Bond Purchase Contract*] or otherwise, the Authority is relying solely on such information in making the Authority's representations and agreements, and as to all matters of law the Authority is relying on the advice of bond counsel; and provided further, that no member, officer, agent or employee of the governing body of the Authority shall be individually liable for the breach of any representation, warranty or agreement contained herein.

Reliance on Other Parties (Tax Certificate):

Section \_\_\_\_\_. Reliance on Other Parties. Except as specifically set forth herein, the Authority, in making the certifications and representations herein, is relying exclusively on the certifications and representations of the Corporation. The expectations of the Authority and the Corporation concerning certain uses of the proceeds of the Bonds and the use and operation of the facilities composing the Project and other matters are based in whole or in part upon representations and certifications of other parties set forth in this Tax Certificate and Agreement. Neither the Authority nor the Corporation is aware of any facts or circumstances that would cause either the Authority or the Corporation to question the accuracy or reasonableness of any representation or certification made in this Tax Certificate and Agreement.

**[NOTE: retention of records and obligation to calculate rebate should be limited to the borrower, the only records the Authority will be obligated to retain are the transcript of the bond issue and a hedge identification, if applicable.]**

Non-liability of Authority (Tax Certificate):

Section \_\_\_\_\_. Non-Liability of Authority. The Authority shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Bonds and this Tax Certificate and Agreement, except only to the extent amounts are received for the payment thereof from the Corporation.

Post-Issuance Compliance Language (Tax Certificate):

The Authority and the Corporation have covenanted to comply with certain requirements of the Code relating to the Rebate Requirement as discussed in this Article \_\_\_\_ and relating to private use and/or unrelated trade or business use and the Authority intends to comply with these requirements through the obligation and undertaking by the Corporation to comply with these requirements (including, if necessary, the retention of a qualified rebate analyst and a post-issuance compliance expert), which the Corporation hereby acknowledges.



Post-Issuance Compliance Undertaking (Closing Certificate of Corporation):

Section \_\_\_\_\_. Post-Issuance Compliance Undertaking. The Corporation, has covenanted herein and in Section \_\_ of the Loan Agreement to comply with certain requirements of the Code. The Corporation acknowledges that the Internal Revenue Service mandates certain filing requirements with respect to post-issuance tax compliance, private use and/or unrelated trade or business use, including the proper method for computing whether any such use has occurred under Section 145 of the Code. The Corporation further covenants that it will undertake to determine (or have determined on its behalf) the information required to be reported on the IRS Form 990 (Schedule K) Supplemental Information on Tax-Exempt Bonds on an annual basis and will undertake to comply with the aforementioned filing requirements and any related requirements that may be applicable to the Bonds (collectively, the “Post-Issuance Requirements”). Further, the Corporation covenants that it has adopted, or, if not, will promptly adopt, management practices and procedures to ensure the Corporation complies with the Post-Issuance Requirements with respect to the Bonds.

Retention of Post-Issuance Compliance Expert (Closing Certificate of Corporation):

The Corporation initially [has retained the firm of Bond Logistix LLC to provide] [has designated (insert name of the individual officer/employee of Corporation) to be responsible for providing or causing to be provided] certain post-issuance tax compliance services that may be required from time to time with respect to the Bonds.

Governing Law, Venue (major documents to which Authority is a party):

Section \_\_\_\_\_. Governing Law; Venue. This [*document name*] shall be construed in accordance with and governed by the laws of the State of California applicable to contracts made and performed in the State of California. This [*document name*] shall be enforceable in the State of California, and any action arising hereunder shall (unless waived by the Authority in writing) be filed and maintained in the Superior Court of California, County of Sacramento.

**CERTIFICATE OF THE AUTHORITY**

Re: [Name of Bonds]

The undersigned, an Authorized Signatory (defined below) of the Board of Directors of the California Public Finance Authority, a public entity of the State of California, created pursuant to Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the “Authority”), hereby certifies that the following are now and have continuously been since June 5, 2015, the duly appointed, qualified and acting members of the Board:

<u>Title</u>	<u>Name</u>
Chair	Richard Fagundes
Vice Chair	Doug Verboon
Treasurer / Secretary	Craig Pedersen
Director	Joe Neves
Director	Richard Valle

The undersigned further certifies that Larry Spikes, Deborah West, and Rebecca Campbell are each appointed as administrative delegates of the members of the Board of Directors pursuant to the Delegation Resolution (defined below) and that each such person and each of the foregoing members of the Board of Directors (each, an “Authorized Signatory”) were authorized by the Authority to execute, on behalf of the Authority, in connection with the execution and delivery of that certain [Indenture], dated as of \_\_\_\_\_, 20\_\_ (the “Indenture”), between the Authority and \_\_\_\_\_, as trustee (the “Trustee”), various instruments, documents, and certificates, including, without limitation, the following documents:

1. Indenture;
2. [Loan Agreement], dated as of \_\_\_\_\_, 20\_\_ (the “Loan Agreement”), between the Authority and \_\_\_\_\_ (the “Corporation”); and
3. [Placement Agent Agreement/Bond Purchase Contract], dated \_\_\_\_\_, 20\_\_ (the “[Placement Agreement/Purchase Contract]”), among the Authority, the Corporation and [underwriters].

The undersigned hereby certifies that attached hereto as Exhibit A are full, true and correct copies of (i) Resolution No. \_\_\_\_\_ adopted at a regular meeting of the Authority held on \_\_\_\_\_, 20\_\_, and (ii) Resolution No. 15-01C, adopted at a regular meeting of the Authority held on July 14, 2015 (the “Delegation Resolution”), at each of which meetings a quorum was present. The undersigned further certifies that said copies are full, true and correct copies of the original resolutions adopted at said meetings and entered in the respective proceedings thereof; and that said resolutions have not been amended, modified

**APPENDIX D**

or superseded in any manner since the dates of their respective adoption, and the same are now in full force and effect.

The undersigned further certifies that the Authority has fulfilled or performed each of its obligations contained in the Indenture, the Loan Agreement and the [*Placement Agreement/ Purchase Contract*] required to be fulfilled or performed by it as of the date hereof; and the representations and agreements made by the Authority in the [*Placement Agreement/ Purchase Contract*] are true and correct in all material respects on the date hereof, with the same effect as if made on and with respect to the facts as of the date hereof.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

Dated: [*Closing Date*].

CALIFORNIA PUBLIC FINANCE  
AUTHORITY

By: \_\_\_\_\_  
Authorized Signatory

**EXHIBIT A**

**BOND RESOLUTION AND DELEGATION RESOLUTION**

FORM OF 15c2-12 CERTIFICATE

CERTIFICATE OF AUTHORITY  
AS TO FINALITY OF PRELIMINARY OFFICIAL STATEMENT

I hereby certify that I am a member of the Board of Directors of the California Public Finance Authority (the "Authority") or an authorized administrative delegatee thereof ("Authorized Signatory"), and as such I am authorized to execute this certificate on behalf of the Authority.

I understand that there has been delivered to [*Name of Underwriter*], as underwriter (the "Underwriter") of the California Public Finance Authority [*insert Bond caption*] (the "Bonds"), a preliminary [*Official Statement/Private Placement Memorandum/Limited Offering Memorandum*] relating to the Bonds, dated \_\_\_\_\_, 200\_ (including the cover page, the introduction and all appendices thereto, the "Preliminary [*Official Statement/Private Placement Memorandum/Limited Offering Memorandum*]"), which, as to only the section thereof entitled "THE AUTHORITY," the Authority deems to be final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12.

Dated: [Date of Preliminary Official Statement/Private Placement Memorandum/Limited Offering Memorandum].

CALIFORNIA PUBLIC FINANCE  
AUTHORITY

By: \_\_\_\_\_  
Authorized Signatory

**FORM OF STANDARD 10b-5 OPINION  
FROM CORPORATION COUNSEL**

Generally, the opinion of counsel to the Corporation must be addressed to the Authority, track the language of Rule 10b-5, and cover the entirety of the offering document (with the exception of the specific carve-outs identified below). The Corporation may not make a general statement to the effect that the 10b-5 opinion only applies or relates to the Corporation.

Preferred format:

“Based upon the information made available to us in the course of our participation in the preparation of the [*Preliminary Official Statement/Preliminary Offering Memorandum*] and the [*Official Statement/Offering Memorandum*] and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the [*Preliminary Official Statement/Preliminary Offering Memorandum*] and the [*Official Statement/Offering Memorandum*], (a) as of [Pricing Date], nothing had come to the attention of the lawyers in this firm rendering professional services in connection with the issuance of the Bonds that would lead them to believe that the statements and information contained in the [*Preliminary Official Statement/Preliminary Offering Memorandum*] as of that date that the [*Preliminary Official Statement/Preliminary Offering Memorandum*] contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (b) as of the date of the [*Official Statement/Offering Memorandum*], nothing had come to the attention of the lawyers in our firm rendering professional services in connection with the issuance of the Bonds that would lead them to believe as of that date and as of the date hereof that the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that this firm expressly excludes from the scope of this paragraph and express no view or opinion about (i) with respect to the [*Preliminary Official Statement/Preliminary Offering Memorandum*], any difference in information contained therein compared to what is contained in the [*Official Statement/Offering Memorandum*] whether or not related to pricing or sale of the Bonds, and (ii) with respect to both the [*Preliminary Official Statement/Preliminary Offering Memorandum*] and the [*Official Statement/Offering Memorandum*] (a) any financial information (including pro forma information) or statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion contained in the Official Statement; (b) any statements and information relating to the Authority, The Depository Trust Company and its nominee and book-entry system [*and the Insurer, the Bank and the Insurance Policy*]; and (c) Appendices \_\_, \_\_ and \_\_\*), as of the date of the Official Statement or as of the date hereof, contained or contain any untrue

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\* Appendices may include Corporation’s audit, forms of opinions, form of insurance policy, feasibility studies, summaries of principal bond documents and other expertized material.

## **APPENDIX F**

statement of a material fact or omitted or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.”

**CERTIFICATE REGARDING  
JOINT EXERCISE OF POWERS AGREEMENT**

Re: \_\_\_\_\_ [*Name of Bonds*]

I hereby certify that I am a member of the Board of Directors of the California Public Finance Authority (the “Authority”) or an authorized administrative delegatee thereof (“Authorized Signatory”), and as such I am authorized to execute this certificate on behalf of the Authority.

I hereby certify:

(1) that attached hereto is a true and correct copy of the Joint Exercise of Powers Agreement relating to the California Public Finance Authority, dated May 12, 2015 (the “Agreement”) relating to the formation of the Authority; and

(2) [that, with the exception of adding Additional Members to the Agreement, the Agreement has not been amended, modified, supplemented, rescinded or repealed and remains in full force and effect as of the date hereof.] [Add only if Additional Members have been added]

Dated: [Closing Date]

CALIFORNIA PUBLIC FINANCE  
AUTHORITY

By: \_\_\_\_\_  
Authorized Signatory



**FORM OF OPINION  
OF COUNSEL TO AUTHORITY**

[Closing Date]

[Underwriter/Placement Agent]

Re: \_\_\_\_\_ [Name of Bonds]

Ladies and Gentlemen:

We have acted as special counsel to the California Public Finance Authority (the “Authority”) in connection with its issuance of \$[\_\_\_\_\_] aggregate principal amount of its [Name of Bonds] (the “Bonds”). In such connection, we have reviewed Resolution No. \_\_\_ adopted by the Authority on \_\_\_\_\_, 20\_\_ (the “Resolution”), certificates of the Authority and others as to certain factual matters, and such documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. With the delivery of this letter, our engagement with respect to the Bonds has concluded, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, all parties thereto. We have assumed, without undertaking to verify independently, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the first paragraph hereof. Our engagement with respect to the Bonds as special counsel to the Authority was limited to the matters expressly covered by the numbered opinions set out below. We express no opinion as to the validity or enforceability of the Bonds or any of the documents or actions authorized by the Resolution or as to the tax status of interest on the Bonds. We also undertake no responsibility of any kind for the [Official Statement/Private Placement Memorandum/Limited Offering Memorandum] or other offering material relating to the Bonds.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Authority is a joint powers agency duly organized and validly existing under the laws of the State of California.

## APPENDIX H

2. The Resolution was duly adopted at a meeting of the governing body of the Authority. The Resolution is in full force and effect and has not been amended, modified or superseded.

This letter is furnished by us as special counsel to the Authority. No attorney client relationship has existed or exists between our firm and the addressee(s) hereof [(other than the Authority)] in connection with the Bonds or by virtue of this letter. This letter is solely for the benefit of the addressee(s) hereof and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any person other than the addressee(s) of this letter. This letter is not intended to, and may not, be relied upon by owners of any Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

FORM OF INVESTOR LETTER

[Closing Date]

California Public Finance Authority  
1400 West Lacey Blvd.  
Hanford, CA 93230

Ladies and Gentlemen:

The undersigned, authorized representative of \_\_\_\_\_, a \_\_\_\_\_  
(the “Purchaser”), does hereby represent and agree, as follows:

1. [Brief Description of Transaction]
2. The Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds.
3. The Purchaser is an “Approved Institutional Buyer” within the meaning of the Indenture, which has sufficient knowledge and experience in financial and business matters, including purchase and ownership of [type of] revenue bonds, to be able to evaluate the risks and merits of the investment represented by the Bonds, and which can bear the economic risk of its investment in the Bonds. The Bonds are a financially suitable investment for the Purchaser consistent with its investment policies, needs and objectives. The Purchaser understands that it may be required to bear the risks of this investment in the Bonds for an indefinite time, as there may be no market for the Bonds.
4. The Bonds are being acquired by the Purchaser for its own account for investment purposes and not with a view to or for resale thereof in any manner that would result in the Purchaser being an agent of the Issuer or an underwriter within the meaning of the 1933 Act, and the Purchaser intends to hold the Bonds for its own account for a period of time, possibly to maturity, and does not intend at this time to dispose of all or any part of the Bonds.
5. The Purchaser understands that the Bonds are not registered under the 1933 Act and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) are not being rated by any national securities rating agency, [and (d) will be delivered in a form which may not be readily marketable].
6. The Purchaser acknowledges that it has made its own inquiry and analysis with respect to the Bonds and security therefor, that it has received the documents executed or adopted by the Issuer in connection with the Bonds and other documents it has requested, and that it has either been supplied with or been given access to information, including

financial statements and other financial information, to which a reasonable investor would consider important in making investment decisions, and the Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Corporation and the Bonds and the security therefor so that, as a reasonable investor, the Purchaser has been able to make its decision to purchase the Bonds. The Purchaser acknowledges that an informed has not relied upon the Issuer for any information in connection with the Purchaser's decision to purchase the Bonds.

7. Although the Purchaser does not intend at this time to dispose of all or any part of the Bonds, the Purchaser acknowledges that it has the right to sell and transfer the Bonds, in accordance with terms and conditions of the Indenture (including sales limited to "Approved Institutional Buyers" as defined in the Indenture in the minimum denominations set forth therein). The Purchaser acknowledges that it is solely responsible for compliance, and covenants and agrees with the Issuer that it will comply, with the Indenture and all applicable federal or state securities laws then in effect with respect to any subsequent sale, transfer or other disposition of the Bonds, including disclosure of material information (without involving the Issuer in any manner). The Purchaser agrees to indemnify the Issuer for any liabilities or costs incurred by the Issuer (including attorney fees) in connection with any sale, transfer or other disposition of the Bonds in violation of such restrictions or laws.

8. The Purchaser acknowledges that the Bonds are limited obligations of the Issuer, payable solely from [Revenues][the Trust Estate] (as defined in the Indenture), which consists of payments made by the Corporation pursuant to the Loan Agreement. The Issuer shall not be directly, indirectly, contingently or morally obligated to pay the principal of the Bonds or the interest thereon, or any other expenses related to the Bonds, except from funds provided under the Indenture, including payments under the Loan Agreement, and neither the faith and credit or the taxing power of the State of California nor any political subdivision thereof (including the Issuer) is pledged to the payment of the principal of or interest on the Bonds.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[NAME OF INVESTOR]

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**FORM OF HEDGE IDENTIFICATION**

**HEDGE RECORDATION ACKNOWLEDGMENT**  
California Public Finance Authority

[Name of Bonds]

I hereby certify that I am a member of the Board of Directors of the California Public Finance Authority (the “Authority”) or an authorized administrative delegatee thereof (“Authorized Signatory”), and as such I am authorized to execute this certificate on behalf of the Authority.

[Name of Borrower] (the “Corporation”) has stated its desire for the Authority to issue [Name of Bonds] (the “Bonds”) for the benefit of the Corporation, as further described in the attached hedge identification certificate (the “Certificate”) executed by or upon direction of the Corporation. The Authority hereby records the following in accordance with Treasury Regulation Section 1.148-4(h)(2) in order to satisfy certain of the requirements for the hedge (the “Hedge Transaction”) described in the Certificate to be a qualified hedge within the meaning of said regulation with respect to the Bonds. The Authority acknowledges receipt of the Certificate and will retain the Certificate with its books and records for the Bonds, when and if issued.

All information set forth in the Certificate is submitted by or on behalf of the Corporation. The Authority is not obligated by the receipt of the Certificate or the execution of this Acknowledgment in any manner whatsoever with respect to the approval, sale or issuance of the Bonds or with respect to the Hedge Transaction.

Dated: \_\_\_\_\_

CALIFORNIA PUBLIC FINANCE  
AUTHORITY

BY: \_\_\_\_\_  
Authorized Signatory

D. Consider approving US Bank as Custodian for all California Public Finance Authority administrative accounts.

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**SUMMARY AND APPROVALS**

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**DATE:** JULY 14, 2015  
**SUBJECT:** CALPFA CUSTODIAN ADMINISTRATIVE BANK ACCOUNTS  
**PURPOSE:** CONSIDERATION OF APPROVING US BANK AS CUSTODIAN FOR ALL CALPFA ADMINISTRATIVE ACCOUNTS

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**Background:**

It is necessary and good practice of the Authority to have a primary custodian for all administrative accounts. Among other things, the custodian should serve as a central repository for the collection and distribution of all authority issuance and annual administration fees, provide for consolidated accounting and reporting of all Authority financial transactions, and offer cash management services.

The Authority's staff received a proposal from US Bank to serve as the Authority's custodian on all administrative accounts as detailed on the attached. The Authority staff has worked with US Bank in a similar capacity for other conduit issuer related activities since 2013 and feels they are well qualified to serve in this capacity for CalPFA.

**Recommendation:**

It is recommended that this Board approve US Bank as custodian for all administrative accounts related to the Authority's financial activities.



## Fee Proposal for California Public Finance Authority

### CUSTODIAL SERVICES

ANNUAL FEE: \$5,000 BASE FEE

#### INCLUDED

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- Safekeeping of assets
- Transaction settlement
- Cash Management (all cash swept daily)
- Online account access, mgmt reporting, and stmt delivery
- Online balance inquiry and trade affirmations
- Consolidated accounting & reporting
- Professional, dedicated relationship team
- Unlimited number of DTCC/Federal Reserve eligible securities to be held in nominee name
- Proxy management (stock splits, spin-offs, name changes, etc.)
- Timely and accurate pricing of assets
- Custody agreement
- Collection of income (dividends, interest, matured bonds, settled sales)

#### TRANSACTION FEES

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- Standard DTC or Fed Buys/Sales/Principal Paydowns and Repurchase Agreement Buys/Sales and Maturities
- Security Holding Fee
- Physical Buys/Sales
- Mutual Funds Transactions
- Check Distributions
- Domestic Wire Distributions
- Included
- Included
- Included
- Included
- Included
- Included

#### SERVICE AND FEE ASSUMPTIONS

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- U.S. Bank does not have investment management responsibility
- Fee schedule assumes exclusive use of one of U.S. Bank's proprietary money funds for investment of short-term cash
- Fees are billed or charged to the account quarterly.
- U.S. Bank reserves the right to re-evaluate pricing and implement a change to the fee schedule with 30-day notice



E. Direct the Authority staff to work with County staff to arrange for appropriate insurance coverage for California Public Finance Authority.