



Agenda

Tuesday, April 19, 2016

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 March 22, 2016 regular meeting.

3. **CONSENT CALENDAR**
A. Consideration of approving resolution 16-02M for City of Stockton as an additional program participant to the Authority.

4. **NEW BUSINESS ACTION ITEMS**
A. Consideration of request for Authority to consider exception to issuance policy for proposed taxable financing relating to RPM Capital Management. (Staff – Scott Carper)

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

6. **STAFF UPDATES**

7. **ADJOURNMENT**
Adjourn as the California Public Finance Authority.



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2. APPROVAL OF MINUTES

Approval of the minutes from the March 22, 2016 regular meeting.



Action Summary

Tuesday, March 22, 2016

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

Time: 11:00 a.m.

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1. **CALL TO ORDER**
ROLL CALL – Clerk to the Board
ALL MEMBERS PRESENT
2. **APPROVAL OF MINUTES**
Approval of the minutes from the March 8, 2016 regular meeting.
ACTION: APPROVED AS PRESENTED (JN/RF/RV/CP/DV-Aye)
3. **NEW BUSINESS ACTION ITEMS**
A. Consider approving resolution 16-01A for Mark Day School, City of San Rafael, County of Marin; up to \$9,000,000 of tax exempt obligations. (Staff – Scott Carper)
ACTION: APPROVED AS PRESENTED (CP/JN/RV/RF/DV-Aye)
4. **PUBLIC COMMENT**
Any person may directly address the Board at this time on any item on the agenda, or on any other items of interest to the public, that is within the subject matter jurisdiction of the Board. Five (5) minutes are allowed for each item.
None
5. **STAFF UPDATES**
None
6. **ADJOURNMENT**
The meeting was adjourned at 11:07 a.m.



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3. CONSENT CALENDAR

- A. Consideration of approving resolution 16-02M for City of Stockton as additional program participant to the Authority.

RESOLUTION NO. 16-02M

**RESOLUTION OF THE CALIFORNIA PUBLIC FINANCE AUTHORITY APPROVING
AND RATIFYING THE ADDITION OF PROGRAM PARTICIPANTS TO THE
AUTHORITY**

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 (the "Agreement") pursuant to which the California Public Finance Authority (the "Authority") was organized;

WHEREAS, pursuant to Section 12 of the Agreement, the Authority may add a qualifying public agency to become a Non-Charter Member (an "Additional Member") upon the filing by such public agency with the Authority of a resolution of the governing body of such public agency requesting to be added as an Additional Member of the Authority and adoption of a resolution of the Board approving the addition of such public agency as an Additional Member;

WHEREAS, the Cities and/or Counties listed on Exhibit A hereto (the "City/County") have by resolution requested to join the Authority and the Authority has authorized each such City/County to become an Additional Member pursuant to the provisions of the Agreement;

WHEREAS, the Board hereby finds and determines that each City/County is qualified to be added as an Additional Member to the Authority;

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

Section 1. This Board hereby finds and determines that the foregoing recitals are true and correct.

Section 2. The addition of the Cities and/or Counties listed on Exhibit A hereto as Additional Members of the Authority is hereby approved, confirmed and ratified, and any actions heretofore taken on behalf of each City/County is hereby approved, confirmed and ratified.

Section 3. This resolution shall take effect immediately upon its passage.

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

EXHIBIT A

**ADDITION OF CITIES AND/OR COUNTIES AS ADDITIONAL MEMBERS OF THE
CALIFORNIA PUBLIC FINANCE AUTHORITY**

1. City of Stockton



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4. NEW BUSINESS ACTION ITEMS

- A. Consideration of request for Authority to consider exception to issuance policy for proposed taxable financing related to RPM Capital Management.



CALIFORNIA PUBLIC FINANCE AUTHORITY

DATE: APRIL 19, 2016

PURPOSE: CONSIDER REQUEST OF THE AUTHORITY TO GRANT AN EXCEPTION TO ITS ISSUANCE POLICY FOR ACCREDITED INVESTOR AND QUALIFIED INSTITUTIONAL BUYER REPRESENTATIONS

Background:

CalPFA staff received a request to review a proposal whereby the Authority would consider an exception to its issuance policy with respect to the proposed issuance of approximately \$5.0 million of taxable bonds for Balboa Management Group, LLC (“Balboa”) in Norco, California. The taxable revenue bond proceeds (“2016 Bonds”) would be used by Balboa to upgrade its existing Silverlakes Equestrian & Sports Park facility (“Facility”). The initial phase of the Facility – the construction, improvement and equipping of approximately 122 acres to create synthetic and natural turf soccer fields, equestrian facilities and support facilities and improvements – were financed in 2015 with \$20.0 million of taxable revenue bonds issued through CSCDA. The Facility has been constructed, is in service and has contracts with major soccer organizations. Balboa has reached out to CalPFA to be the issuer for its 2016 financing, which will be on a parity with the security for the 2015 financing.

The proceeds of the 2016 Bonds will be used for three primary projects: (a) a large sign on the property with highway visibility which will promote events and also allow for advertising revenues to Balboa; (b) construction of facilities allowing concerts to be held on the premises; and (c) construction of a restaurant which will also allow for catering on the site. The 2016 Bonds, like the 2015 Bonds, will be issued in minimum denominations of \$25,000 with increments of \$5,000 thereafter, and the holders will be accredited investors or qualified institutional buyers (“QIBs”) in accordance with CalPFA’s issuance policies.

The proposed 2016 CalPFA financing has been arranged by RPM Capital Management, LLC (“RPM”), a registered investment advisory firm headquartered in Greenwich, Connecticut. RPM has developed a practice with conduit issuers throughout the country, including with CSCDA with respect to its 2015 bond offering, of providing a Certificate of Bondholder Representative (“Certificate”) as opposed to individual bondholder representations as part of the bond issuance when purchased in whole or in part by RPM’s clients (see attached Certificate).

Discussion:

The issuance policy exception relates to the initial sale of non-rated bonds to accredited investors. Specifically, RPM is asking CalPFA to consider its form of Certificate as to the accredited investor status of its clients in lieu of execution of the “sophisticated investor letter in form acceptable to CalPFA” from each accredited investor who purchase the CalPFA bonds.



CALIFORNIA PUBLIC FINANCE AUTHORITY

The CalPFA issuance policy for non-rated debt provides in part:

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.***

As set forth above, RPM is a registered investment advisory firm and all of its clients are accredited investors or QIBs. To become an RPM client, each investor executes an Investment Advisory Agreement that appoints RPM as investment adviser and grants RPM power of attorney for the investment management and trading decisions in the client’s account. Within the Agreement, each client represents and warrants to RPM that the client is either an “accredited investor” or a “qualified institutional buyer” and provides RPM with certain information supporting that representation and warranty.

In order to provide issuers with comfort as to the accredited investor and QIB status of the initial purchasers of bonds, RPM represents and certifies in each Certificate that “Each Owner has the ability to bear the economic risks of an investment in the Bonds, and is an ‘accredited investor’ as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act, or a ‘qualified institutional buyer’, as that term is defined under Rule 144A of the Securities and Exchange Commission.”

With respect to the CalPFA policy regarding restrictions on subsequent transfers of unrated bonds to accredited investors and QIBs, the Certificate provides: “Each Owner is informed that, unless the Issuer is informed that the 20__ Bonds have an investment grade rating, the 20__ Bonds may be transferred only to an ‘accredited investor’ as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act, a ‘qualified institutional buyer’, as that term is defined under Rule 144A of the Securities and Exchange Commission or a broker-dealer of securities.” The Certificate also contains a number of other certifications that provide further comfort as to the sophistication of RPM’s accredited investor and QIB clients.

Recommendation:

CalPFA staff is recommending the Authority grant an exception to its existing issuance policy that requires individual investor representations from accredited investors and qualified institutional buyers upon receipt of the proposed RPM Certificate on behalf of its clientele. CalPFA staff would further recommend this exception remain in place for future RPM transactions as approved by the Authority.

FORM CERTIFICATE OF BONDHOLDER REPRESENTATIVE

The undersigned, an Officer of RPM Capital Management, LLC (the “*Bondholder Representative*”), does hereby represent and agree, as follows:

1. The Bondholder Representative is the duly elected representative of 100% in outstanding aggregate principal amount of the \$ _____ Fixed-Rate _____ Revenue Bonds (The _____ Project), Series 20__ (the “*20__ Bonds*”), of the _____ Authority of the _____ (the “*Issuer*”), which 20__ Bonds have been issued and delivered on the date of this Certificate.

2. The 20__ Bonds are currently Outstanding in the aggregate principal amount of \$ _____. The Bondholder Representative represents the Owners of all of the 20__ Bonds Outstanding. The Bondholder Representative is delivering this Certificate on behalf of such Owners and all other Owners from time to time represented by the Bondholder Representative (the “*Owner*” or “*Owners*”).

3. Each Owner is informed that the Bonds are not general obligations of the Issuer, but are special, limited obligations payable and secured solely as provided for in certain legal documents to which reference is made in Schedule I attached hereto and made a part hereof (the “*Bond or Financing Documents*”).

4. Each Owner has full power and authority to carry on its business as now conducted.

5. Each Owner is (a) a bank as defined in section 3(a)(2) of the Securities Act of 1933, as amended (the “*Securities Act*”) or a savings and loan association or other institution as defined in Section 3(a)(5) of the Securities Act whether acting in its individual or fiduciary capacity; or (b) a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”); or (c) an insurance company as defined in Section 2(13) of the Exchange Act; or (d) an investment company registered under the Investment Company Act of 1940, as amended (the “*Investment Company Act*”), or a business development company as defined in Section 2(a)(48) of the Investment Company Act; or (e) a Small Business Investment Company licensed by the small Business Administration under Section 301(c) or Section 301(d) of the Small Business Investment Act of 1958, as amended; or (f) a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivision for the benefit of its employees, if investment decisions are made by a plan fiduciary which is a bank, savings and loan association, insurance company, or registered investment advisor and the plan establishes fiduciary principles the same as or similar to those contained in Sections 404-407 of Title I of the Employee Retirement Income Security Act of 1974, as amended (“*ERISA*”); or (g) an employee benefit plan within the meaning of ERISA if investment decisions are made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of \$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are accredited

investors; or (h) any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds \$2,000,000; or (i) the trustee of a trust whose securities are registered pursuant to an effect registration statement under the Securities Act.

6. Each Owner has retained RPM Capital Management, LLC to advise and represent the Owner regarding the purchase and sale of securities of entities such as _____ (the "Borrower") and of securities such as the 20__ Bonds. Each Owner has the ability to bear the economic risks of an investment in the Bonds, and is an "accredited investor" as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act, or a "qualified institutional buyer" as that term is defined under Rule 144A of the Securities and Exchange Commission.

7. Each Owner is not now, and has never been, controlled by, or under common control, with the Borrower. The Borrower has never been, and is not now, controlled by any Owner. No Owner has entered into any arrangements with the Borrower or with any affiliate of the Borrower in connection with the 20__ Bonds, other than as disclosed to the Issuer or Trustee.

8. The Issuer, the State of _____, and the Trustee have not undertaken and will not undertake steps to ascertain the accuracy or completeness of the information furnished to any Owner with respect to the Borrower, the 20__ Bonds, or the Project financed by the 20__ Bonds. No Owner has relied or will rely upon the Issuer, the State of _____, or the Trustee in any way with regard to the accuracy or completeness of the information furnished to any Owner in connection with its purchase of the 20__ Bonds, nor have any such parties made any representation to any Owner with respect to that information.

9. The Bondholder Representative is sufficiently knowledgeable and experienced in financial and business matters, including the purchase and ownership of municipal and other tax-exempt debt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the 20__ Bonds, and it is capable of and has made its own investigation of the Borrower and the Project in connection with its decision to purchase the 20__ Bonds on behalf of the Owners.

10. The Bonds are purchased by every Owner for the purpose of investment and each Owner intends to hold the Bonds for its own account as a long-term investment, without a current view to any distribution or sale of the 20__ Bonds. Each Owner is informed that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

11. Each Owner is informed that the 20__ Bonds will not be listed on any stock or other securities exchange and were issued without registration under the provisions of the Securities Act, or any state securities laws, and the 20__ Bonds may not be resold, transferred, pledged or hypothecated, in whole or in part, unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from registration is available. Each Owner is informed that the 20__ Bonds will not carry any rating from any rating service. Each Owner is informed that, unless the Issuer is informed that the 20__ Bonds have an investment grade rating, the 20__ Bonds may be transferred only to an "accredited investor" as that term is

defined in Rule 501 of Regulation D under the Securities Act, a “qualified institutional buyer” as that term is defined under Rule 144A of the Securities and Exchange Commission, or a broker-dealer of securities.

Dated this ___th day of _____ 20__.

RPM CAPITAL MANAGEMENT, LLC

By: _____

Its: _____