



Agenda

Tuesday, July 25, 2017

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

Time: 11:00 a.m.

1. **CALL TO ORDER**
ROLL CALL – Clerk to the Board
2. **APPROVAL OF MINUTES**
Approval of the minutes from the July 11, 2017 regular meeting.
3. **NEW BUSINESS**
 - A. Consideration of approving resolution 17-08A for BLI Affordable, L.P., City of San Bernardino, County of San Bernardino; up to \$12,000,000 of revenue bonds. (Staff – Caitlin Lanctot)
 - B. Consideration of approving resolution 17-09A for Verity Health System of California, Inc., Cities of Redwood City, San Jose, Daly City & Moss Beach, County of San Mateo, Cities of Los Angeles, Lynwood, Huntington Park & Maywood, County of Los Angeles, City of Gilroy, County of Santa Clara; up to \$25,000,000 of revenue bonds. (Staff – Scott Carper)
 - C. Consideration of approving resolution 17-10A for 34115 Winchester Rd, LLC, City of Winchester, County of Riverside; up to \$20,000,000 of revenue bonds. (Staff – Scott Carper)
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.
5. **STAFF UPDATES**
6. **ADJOURNMENT**
Adjourn as the California Public Finance Authority.



CALIFORNIA
PUBLIC
FINANCE
AUTHORITY

2. **APPROVAL OF MINUTES**

Approval of the minutes from the July 11, 2017 regular meeting.



Action Summary

Tuesday, July 11, 2017

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

Time: 11:00 a.m.

1. **B1** **CALL TO ORDER**
ROLL CALL – Clerk to the Board
MEMBERS PRESENT: JOE NEVES, RICHARD VALLE, DOUG VERBOON,
RICHARD FAGUNDES
MEMBERS ABSENT: CRAIG PEDERSEN

2. **APPROVAL OF MINUTES**
Approval of the minutes from the June 20, 2017 regular meeting.
ACTION: APPROVED AS PRESENTED (DV/JN/RF/RV-Aye, CP-Absent)

3. **CONSENT CALENDAR**
A. Consideration of approving an inducement resolution 17-04I for Good Shepherd Homes Preservation, L.P., City of Inglewood, County of Los Angeles; up to \$17,000,000 of revenue bonds.
ACTION: APPROVED AS PRESENTED (JN/DV/RF/RV-Aye, CP-Absent)

4. **NEW BUSINESS**
A. Consideration of approving deferral of GPM Municipal Advisors, LLC municipal advisory fee. (Staff – Mike LaPierre)
ACTION: APPROVED AS PRESENTED (DV/RF/JN/RV-Aye, CP-Absent)

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.
None

6. **STAFF UPDATES**
None

7. **ADJOURNMENT**
The meeting was adjourned at 11:20 a.m.



3. NEW BUSINESS

A. Consideration of approving resolution 17-08A for BLI Affordable, L.P., City of San Bernardino, County of San Bernardino; up to \$12,000,000 of revenue bonds. (Staff – Caitlin Lanctot)

B. Consideration of approving resolution 17-09A for Verity Health System of California, Inc., Cities of Redwood City, San Jose, Daly City & Moss Beach, County of San Mateo, Cities of Los Angeles, Lynwood, Huntington Park & Maywood, County of Los Angeles, City of Gilroy, County of Santa Clara; up to \$25,000,000 of revenue bonds. (Staff – Scott Carper)

C. Consideration of approving resolution 17-10A for 34115 Winchester Rd, LLC, City of Winchester, County of Riverside; up to \$20,000,000 of revenue bonds. (Staff – Scott Carper)



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DATE: JULY 25, 2017

APPLICANT: BLI AFFORDABLE, L.P.

AMOUNT: UP TO \$12,000,000 IN REVENUE NOTES

PURPOSE: FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT

PRIMARY ACTIVITY: AFFORDABLE HOUSING

Background:

BLI Affordable, L.P. (the "Borrower") has requested that CalPFA issue revenue notes to assist in the acquisition, rehabilitation and development of the Beautiful Light Inn Apartments, located at 1365 N Waterman Avenue in San Bernardino, California (the "Project"). The Project application was filed on April 19, 2017, induced on May 9, 2017 and received an allocation of tax exempt bonds on July 19, 2017.

Description of Proposed Project:

The Borrower has requested CalPFA to issue and deliver multifamily housing revenue bonds in an amount not to exceed \$12,000,000 (the "Bonds") to finance the acquisition, rehabilitation and development of the Project. Beautiful Light Inn is located on a flat, open landscaped 2.8 acres. The project is an existing elevator served three-story, garden style building with a total of 100 units that consists of 99 one-bedroom units and 1 two-bedroom manager's unit. Project amenities include: on-site leasing and administrative office, laundry facilities, computer learning lab, community lounge, and landscaped grounds. Unit amenities include window coverings, refrigerators, stoves and carpet in living rooms and bedrooms. The units will be available to low income seniors with income levels at or below the 50 and 60 percent area median income ("AMI") levels.

Rehabilitation is expected to begin in September 2017 and take 9 months to complete. Site improvements will include: parking lot resealed and striped, concrete modifications to improve site accessibility, lighting will be replaced with energy efficient upgrades, the building exterior will receive new siding, stucco, paint, energy efficient windows, roofing, gutters/ downspouts, common areas within the building (including lobbies, corridors, offices and community room) shall receive new energy efficient lighting, paint and signage, furnishings within the common areas of the building shall be replaced and a computer-learning center will be added within the community space. Additionally, all unit interiors will receive new cabinets, countertops, lighting, fixtures, hard-surface flooring and paint, new stoves and refrigerators, most units will receive new split-system heating/cooling units, and existing gas heaters will be refurbished.

TEFRA Information:

TEFRA hearings were held by the City of San Bernardino on June 13, 2017 and Kings County on May 23, 2017.

Financing Structure:

The Bonds will be privately placed and mature in no more than 45 years. Interest will not exceed 12%. The proposed financing is in accordance with the Authority's issuance guidelines.

Estimated Sources and Uses:

Sources:

Tax Exempt Bond Proceeds	\$10,500,000
Low Income Housing Tax Credit Equity	\$4,611,046
Deferred Developer Fee	\$14,871
Seller Carry Note	\$1,270,000
<u>Purchased Reserves</u>	<u>\$3,103,913</u>
Total Sources	\$19,499,830

Uses:

Acquisition Cost	\$11,860,438
Hard Constriction Costs	\$4,313,798
Third Party Reports	\$200,965
Financing Placement	\$360,329
Legal & Organizational	\$190,000
Relocation	\$115,000
Accounting	\$29,000
Other	\$368,928
<u>Developer Fee</u>	<u>\$2,061,372</u>
Total Uses	\$19,499,830

Recommendations:

Based on the overall Project public benefit detailed on Attachment 1, it is recommended that the Board approve the Resolution as submitted to the Board, which:

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

Attachment 1

Public Benefits:

- 100% of the Project's units will remain income and rent restricted
 - 20 units at 50% AMI
 - 79 units at 60% AMI
 - 1 manager's unit
- The Project will remain income and rent restricted for at least 55 years
- Site Amenities
 - The Project is located within a Public Transit Corridor
 - The Project is located within ½ mile of a grocery store

RESOLUTION NO. 17-08A

A RESOLUTION OF THE CALIFORNIA PUBLIC FINANCE AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF A MULTIFAMILY HOUSING REVENUE NOTE IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT TO BE GENERALLY KNOWN AS BEAUTIFUL LIGHT INN APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE NOTE.

WHEREAS, the California Public Finance Authority (the “Authority”) is authorized by the Joint Powers Act, commencing with Section 6500 of the California Government Code (the “JPA Law”), and its Joint Exercise of Powers Agreement, dated as of May 12, 2015, as the same may be amended (the “Agreement”), to issue revenue bonds and execute and deliver revenue notes for the purpose of financing, among other things, the acquisition, construction/rehabilitation, and development of multifamily rental housing projects in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (the “Housing Law”);

WHEREAS, BLI Affordable, L.P., a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority execute and deliver its California Public Finance Authority Multifamily Housing Revenue Note (Beautiful Light Inn Apartments) 2017 Series D (the “Note”) to assist in the financing of the acquisition, rehabilitation and development of a 100-unit multifamily housing rental development located in the City of San Bernardino, California, and to be known as Beautiful Light Inn Apartments (the “Project”);

WHEREAS, on July 19, 2017, the Authority received an allocation in the amount of \$10,500,000 the (“Allocation Amount”) from the California Debt Limit Allocation Committee in connection with the Project;

WHEREAS, the County of Kings is a Charter Member (as defined in the Agreement) of the Authority and the City of San Bernardino is an Additional Member (as defined in the Agreement) and each has authorized the execution and delivery of the Note;

WHEREAS, the Authority is willing to execute and deliver the Note in an aggregate principal amount not to exceed \$12,000,000, provided that the portion of such Note executed and delivered as federally tax-exempt obligations shall not exceed the Allocation Amount, and to loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low and very low income persons;

WHEREAS, the Note will be executed and delivered to Citibank, N.A. (the “Funding Lender”), as the initial holder of the Note;

WHEREAS, there have been prepared and made available to the members of the Board of Directors of the Authority (the “Board”) the following documents required for the execution and delivery of the Note, and such documents are now in substantial form and appropriate instruments to be executed and delivered for the purposes intended:

(1) Funding Loan Agreement (the “Funding Loan Agreement”) to be entered into between the Funding Lender and the Authority;

(2) Borrower Loan Agreement (the “Borrower Loan Agreement”) to be entered into between the Authority and Borrower; and

(3) Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) to be entered into between the Authority and the Borrower.

NOW, THEREFORE, BE IT RESOLVED by the members of the Board, as follows:

Section 1. The recitals set forth above are true and correct, and the members of the Board hereby find them to be so.

Section 2. Pursuant to the JPA Law and the Funding Loan Agreement, and in accordance with the Housing Law, the Authority is hereby authorized to execute and deliver the Note in one or more series. The Note shall be designated as “California Public Finance Authority Multifamily Housing Revenue Note (Beautiful Light Inn Apartments) 2017 Series D” including, if and to the extent necessary, one or more sub-series, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$12,000,000; provided that the aggregate principal amount of any tax-exempt Note executed and delivered shall not exceed the Allocation Amount. The Note shall be executed and delivered in the form set forth in and otherwise in accordance with the Funding Loan Agreement, and shall be executed on behalf of the Authority by the facsimile signature of the Chair of the Authority or the manual signature of any Authorized Signatory (as defined below), and attested by the facsimile signature of the Treasurer and Secretary of the Authority, or the manual signature of any Authorized Signatory. The Note shall be secured in accordance with the terms of the Funding Loan Agreement presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and prepayment premium, if any, and interest on, the Note shall be made solely from amounts pledged thereto under the Funding Loan Agreement, and the Note shall not be deemed to constitute a debt or liability of the Authority or any Member of the Authority or any Director of the Board of the Authority (each, a “Director”).

Section 3. The Funding Loan Agreement in the form presented at this meeting is hereby approved. Any Director, including any such Director acting as an officer of the Board, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 16-01C of the Authority, adopted on

January 26, 2016) (together with the Directors including any such Director acting as an officer of the Board, each such person is referred to herein individually as an “Authorized Signatory”), acting alone, is authorized to execute by manual signature and deliver the Funding Loan Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond July 1, 2062), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of prepayment and other terms of the Note shall be as provided in the Funding Loan Agreement as finally executed.

Section 4. The Borrower Loan Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Borrower Loan Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 5. The Regulatory Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Regulatory Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 6. The Authority is hereby authorized to execute and deliver the Note to the Funding Lender pursuant to the terms and conditions of the Funding Loan Agreement.

Section 7. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the execution and delivery of the Note are hereby approved, ratified and confirmed, and any Authorized Signatory, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to a tax certificate, loan related documents, an assignment of deed of trust, a termination of regulatory agreement, an endorsement, allonge or assignment of any note and such other documents as described in the Funding Loan Agreement and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful execution and delivery of the Note and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Authority and otherwise in order to carry out the financing of the Project.

Section 8. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the execution and delivery of the Note, including without limitation any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project, any addition or substitution of security for the Note or any prepayment of the Note, may be given or taken by any Authorized

Signatory, as appropriate, without further authorization by the Board, and each such officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action that such officer may deem necessary or desirable to further the purposes of this Resolution and the financing of the Project; provided such action shall not create any obligation or liability of the Authority other than as provided in the Funding Loan Agreement and other documents approved herein.

Section 9. This Resolution shall take effect upon its adoption.

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PASSED AND ADOPTED by the California Public Finance Authority this July 25, 2017.

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 the Authority at a duly called meeting of the Board of the Authority held in accordance with law on July 25, 2017.

By _____
Authorized Signatory



DATE: JULY 25, 2017

APPLICANT: VERITY HEALTH SYSTEM OF CALIFORNIA, INC.

AMOUNT: UP TO \$25 MILLION OF TAX-EXEMPT NONPROFIT REVENUE NOTES (THE “2017 NOTES”)

PURPOSE: NEW WORKING CAPITAL

PRIMARY ACTIVITY: REGIONAL HEALTHCARE SYSTEM

LEGAL STRUCTURE: NONPROFIT PUBLIC BENEFIT CORPORATION

Background:

Verity Health System of California, Inc. (formerly known as, Daughters of Charity Health System) (“Verity”) is a California nonprofit public benefit corporation which is the parent organization of a regional health system providing acute, long-term, community health, psychiatric, rehabilitation and residential care. Although Verity was created in 2002 as the Daughters of Charity Health System, the Daughters of Charity began their healthcare ministry in California when they established Los Angeles’ first hospital in 1858. Upon its formation, Verity issued tax-exempt bonds to acquire hospitals from Catholic Healthcare West becoming the fourth largest nonprofit healthcare system in California, with approximately 1,680 licensed acute care and skilled nursing beds in the following locations:

- O’Connor Hospital City of San Jose, County of Santa Clara
- Saint Louise Medical Center City of Gilroy, County of Santa Clara
- St. Francis Medical Center City of Lynwood, County of Los Angeles
- St. Vincent Medical Center City of Los Angeles, County of Los Angeles
- Seton Medical Center City of Daly City, County of San Mateo
- Seton Medical Center Coastside Unincorporated County of San Mateo

However, as a result of continued operating losses, in February 2014, the Board of Directors began soliciting buyers of its six California hospitals and related facilities with the goal of maintaining the essential services that the hospitals provide to their communities. In July 2015, the Board of Directors selected BlueMountain Capital Management (“BlueMountain”) to recapitalize its operations and, through Integrity Healthcare LLC (formed by BlueMountain), to manage the operations of the six California hospitals and related facilities. In connection with the BlueMountain transaction, the name was changed to Verity Health System of California, Inc. and the organization was changed from a nonprofit religious corporation to a nonprofit public benefit corporation.

On December 14, 2015, the Authority issued \$60,000,000 of its Revenue Notes (Verity Health System), Series 2015A, \$45,000,000 of its Revenue Notes (Verity Health System), Series 2015B, \$10,000,000 of its Revenue Notes (Verity Health System) Series 2015C, and \$45,000,000 of its Revenue Notes (Verity Health System), Series 2015D (collectively, the “2015 Notes”). The proceeds of the 2015 Notes were used to retire certain outstanding notes and to provide working capital necessary to support the continued operation of Verity’s facilities.

Description of Proposed Project:

Verity intends to use the proceeds derived from the sale of the 2017 Notes to provide funds for additional working capital necessary to support the continued operation of its facilities.

TEFRA Information:

A TEFRA hearing was held by the City of Redwood City on July 24, 2017. In addition, Kings County held a TEFRA hearing on July 25, 2017, and the Board of Supervisors unanimously approved the proposed financing.

Financing Structure:

The 2017 Notes will be privately placed with a qualified institutional buyer and an accredited investor. The Notes will be issued in minimum denominations of \$1,000,000 and the purchaser will execute a sophisticated investor letter in accordance with the Authority’s issuance policies. The current proposed structure is as follows, although some variations may occur prior to the issuance of the 2017 Notes:

2017 Notes: Principal amount: \$25,000,000
 Interest rate: 7.25% (Tax-exempt)
 Maturity date: December 10, 2020__

Estimated Sources and Uses:

Sources:

2017 Notes	<u>\$ 25,000,000</u>
	\$ 25,000,000

Uses:

Cost of Issuance	\$ 500,000
Immediate Working Capital	<u>\$ 24,500,000</u>
	\$ 25,000,000

Recommendations:

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

1. Approves the issuance of the 2017 Notes;
2. Approves all necessary actions and documents for the financing; and
3. Authorizes any member of the Board or Authorized Signatory to sign all necessary documents.

Attachment 1

Community Services / Impact:

- The six Verity hospitals provide desperately needed services to some of the most at risk populations in their service areas. The proposed issuance of the 2017 Notes by CalPFA will provide necessary working capital to maintain the essential services that the hospitals provide to those communities until the health system and its assets could be sold.
- Verity employs more than 6,000 staff throughout its six medical and support facilities in the cities of San Jose, Gilroy, Daly City, Moss Beach, Redwood Shores, Los Altos Hills, Lynwood, and Los Angeles. Verity does not employ physicians directly, but instead contracts with private practice physicians and physicians groups for services at its facilities. Through this the model, Verity has directly supported and increased the number of independent physicians and physicians groups in its service areas.
- Verity hospitals provide 24-hour emergency care to all individuals, regardless of their ability to pay. In Fiscal Year 2017, Verity hospitals recorded more than 186,000 emergency /urgent care visits.
- Medi-Cal and Medicare Acceptance - Verity provides health care and helps subsidize the cost of service for patients who participate in government sponsored programs such as Medi-Cal and Medicare. For the fiscal year ended June 30, 2017, Verity served nearly 223,000 persons on Medi-Cal and more than 160,000 persons on Medicare.
- Verity' role as the one of the largest nonprofit healthcare providers in California, has established medical clinics, urgent care centers, pharmacies, rehabilitation centers and other medical related businesses to assist those in need of continued medical care. In addition, the majority of Verity employees live, eat, and shop within the community in which they work.
- Verity provides a professional setting for clinical, technical and vocational training despite the severe shortage of healthcare providers throughout California. For example, O'Connor Hospital is home to the Stanford-affiliated Family Medicine Residency Program that trains much needed family physicians who often choose to set up their practice in the area. The Neurotologists and Neurosurgeons at the House Clinic, renowned worldwide for cutting-edge practices, perform complex surgeries at St. Vincent Medical Center. They are among the best at training doctors to treat patients with hearing and balance problems as well as complex tumors both benign and malignant.
- As the largest providers of inpatient services to Medi-Cal patients in San Mateo County, Seton Medical Center and Seton Coastside play an important role in addressing the healthcare needs of low-income and underserved individuals. Additionally, the St. Elizabeth Ann Seton New Life Center offers a perinatal program to low income women. And, Seton Coastside has the only 24-hour standby Emergency Department on the California coast from Daly City to Santa Cruz. Coastside Rotacare Clinic provides free medical care to the under insured and uninsured.

- Saint Louise Regional Hospital is the only acute care hospital in South Santa Clara County. It has the busiest emergency room in the South County and CALSTAR emergency helicopter transport on the premises.
- Serving San Jose, the second largest city in California, O'Connor Hospital sees the highest proportion of inpatients over the age of 65 of any facility in the area. O'Connor Hospital provides needed services to those individuals located in the Public Health Department's numerous Senior Risk Zones the hospital covers.
- St. Francis Medical Center, the only comprehensive, non-profit healthcare institution in Southeast Los Angeles, is designated as a Disproportionate Share Hospital due to the high number of uninsured and underinsured patients seen. St. Francis operates one of LA County's largest and busiest private emergency/trauma centers, treating more than 64,000 patients annually.
- St. Vincent Medical Center provides medical services to a service area with more than 1.1 million individuals, with 26% of adults in the region uninsured.

Community Outreach:

- Verity supports a wide range of activities and resources that promote health and wellness and increase access to healthcare services for vulnerable populations. In collaboration with numerous community partners, Verity brings healthcare assistance and education to its local communities through the Health Benefits Resource Centers, one-stop shops in each of our hospitals that link underserved families to valuable government-sponsored health benefits and social services. In addition, some of the educational topics covered by a small sampling of Verity hospital outreach programs include diabetes, obesity, breastfeeding, childbirth, smoking cessation and Alzheimer's education. Verity hospitals also provide local communities with free clinics, classes, health screenings, immunizations, support groups and other services.

Research:

- Verity works to advance medical knowledge and develop innovative new procedures through a variety of partnerships and programs. A prime example is the partnership with the Joint Replacement Institute ("JRI"), which relocated its facilities to St. Vincent Medical Center in Los Angeles. JRI, a world leader in hip and knee replacement surgery, is dedicated to researching the efficacy and safety of the latest joint replacement designs/techniques and conducts clinical trials of cutting edge technology. Another example is the O'Connor Hospital Wound Care Clinic. The Clinic is a national training site on the use of SNaP (Smart Negative Air Pressure) application and techniques for wounds.

RESOLUTION NO. 17-09A

CALIFORNIA PUBLIC FINANCE AUTHORITY

A RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE NOTES IN ‘A PRINCIPAL AMOUNT NOT TO EXCEED \$25,000,000 TO FINANCE WORKING CAPITAL FOR THE OPERATIONS OF VERITY HEALTH SYSTEM OF CALIFORNIA, INC. AND ITS AFFILIATES, AND OTHER MATTERS RELATING THERETO

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

WHEREAS, the 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, Verity Health System of California, Inc., a California nonprofit public benefit corporation (the “Corporation”) is the sole corporate member of O’Connor Hospital, Saint Louise Regional Hospital, Seton Medical Center, St. Francis Medical Center, and St. Vincent Medical Center, each a California nonprofit public benefit corporation (collectively, the “Affiliates”);

WHEREAS, the Corporation has applied for the financial assistance of the Authority to finance additional working capital for the operations of the Corporation and the Affiliates (the “2017 Financing”);

WHEREAS, pursuant to an Indenture (the “Indenture”), between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), the Authority will issue its revenue notes (the “2017 Notes”) for the purpose, among others, of providing for the 2017 Financing;

WHEREAS, it is expected that one or more series of 2017 Notes will be issued as notes the interest on which is not excluded from gross income for federal income tax purposes;

WHEREAS, pursuant to a Loan Agreement (the “Loan Agreement”), between the Authority and the Corporation, the Authority will loan the proceeds of the 2017 Notes to the Corporation for the purpose, among others, of providing for the 2017 Financing;

WHEREAS, the 2017 Notes will be offered for sale only to Accredited Investors or Qualified Institutional Buyers (as defined in the Indenture) pursuant to the terms of one or more agreements among the Authority, the Corporation and the Trustee, or pursuant to the terms of one or more agreements among the Authority, the Corporation and a private placement agent, if any (the “Private Placement Agreement”);

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

- (1) A proposed form of the Indenture;
- (2) A proposed form of the Loan Agreement; and
- (3) A proposed form of Private Placement Agreement;

WHEREAS, the Board of Directors of the Authority (the "Board") has previously approved the City of Redwood City, California (the "City") as an Additional Member of the Authority;

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 notes designated as the "California Public Finance Authority Revenue Notes (Verity Health System)," in multiple series, in an aggregate principal amount not to exceed twenty-five million dollars (\$25,000,000). The 2017 Notes shall be issued and secured in accordance with the terms of, and shall be in the form set forth in, the Indenture relating to the 2017 Notes. The 2017 Notes shall be executed on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority or the manual signature of any member of the Board of Directors of the Authority or their administrative delegates duly authorized pursuant to Resolution No. 17-01C of the Authority, adopted on) April 25, 2017 (each, an "Authorized Signatory"), and attested by the manual or facsimile signature of the Secretary of the Authority or the manual signature of any Authorized Signatory.

Section 2. The proposed form of Indenture, as made available to the Board of Directors, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Indenture in substantially said form, with such changes and insertions therein as any member of the Board of Directors, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. Such changes and insertions may include changes and insertions necessary or convenient to reflect (1) the delivery of the 2017 Notes in certificated or book-entry form, (2) provisions relating to the issuance of draw-down notes from time-to-time; and (3) the delivery of taxable 2017 Notes. The dated date, maturity date or dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and purchase-in-lieu of redemption, and other terms of the 2017 Notes 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 Private Placement 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 one or more Private Placement Agreements, if deemed necessary, 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. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver one or more agreements among the Authority, the Corporation and the Trustee relating to the sale of the Notes to an Accredited Investors or Qualified Institutional Buyers (as defined in the Indenture), in lieu of such Private Placement Agreement, as may be deemed necessary or desirable to carry out and comply with the terms, provisions and intent of these resolutions.

Section 5. The 2017 Notes, when executed as provided in Section 2, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the 2017 Notes by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the 2017 Notes, when duly executed and authenticated, to the purchaser or purchasers thereof in accordance with the 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 2017 Notes to the purchaser or purchasers thereof, upon payment of the purchase price thereof.

Section 6. 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 and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Authority has approved in this Resolution and to consummate by the Authority the transactions contemplated by the documents approved hereby, including any subsequent amendments, waivers or consents entered into or given in accordance with such documents.

Section 7. 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 2017 Notes are hereby ratified, confirmed and approved.

Section 8. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Public Finance Authority this 25th day of July, 2017.

I, the undersigned, an Authorized Signatory of the California Public Finance Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Board of Directors of the Authority at a duly called and properly noticed meeting of the Board of Directors of the Authority, at which a quorum was acting and present throughout, held in accordance with law on July 25, 2017.

By: _____
Authorized Signatory
California Public Finance Authority

[Resolution No. 17-__]



DATE: JULY 25, 2017

APPLICANT: 34155 WINCHESTER RD, LLC/TEMECULA VALLEY CHARTER SCHOOL

AMOUNT: UP TO \$20 MILLION OF TAX-EXEMPT BONDS

PURPOSE: CONSTRUCTION OF NEW FACILITY AND FINANCING CAPITAL IMPROVEMENTS

PRIMARY ACTIVITY: K-8 SCHOOL

LEGAL STRUCTURE: NONPROFIT PUBLIC BENEFIT CORPORATION

Background:

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

The School teaches students residing primarily in Riverside County, California, and draws students primarily from the Temecula Valley Unified School District. The School began operations in the 1994-95 school year with approximately 50 students in grades K-2. The School is one of the first 100 charter schools authorized in the State of California. As of March, 2017, the School served approximately 550 students in grades K-8.

Temecula Valley Charter School is an alliance of parents, educators, and community members dedicated to providing a kindergarten through eighth grade family-centered atmosphere, which endeavors to create a dynamic learning environment that meets or exceeds California State Standards and where all students can discover, experience, and celebrate their own worth. Temecula Valley Charter School will promote the growth of each child’s character, knowledge, and understanding of themselves and their relationship to the world.

The School serves approximately 550 students in grades K-8 from a campus located at 35755 Abelia St., Winchester, CA and will continue to operate the School and serve students in grades K-8 from the Abelia St. campus in the 2017-2018 school year. The School will move to the new school site at 34155 Winchester Rd, Winchester, California in the 2018-2019 school year and beyond.

Description of Proposed Project:

The School will use the proceeds of the Series 2017 Bonds for the following purposes: (i) financing or refinancing the costs of the acquisition, construction, renovation, improving and equipping of land and education and related facilities located at 34155 Winchester Rd, Winchester, California for use as a charter school serving grades K-8. The School will begin to operate the School from the new 34155 Winchester Rd. location in the 2018-2019 school year. Upon completion of the construction of the Winchester Rd. facility, the school expects to serve students in grades K-8 at the Winchester Rd. location, allowing the School to expand to serve a total of approximately 700 total students.

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

TEFRA Information:

A TEFRA hearing will be held by the County of Riverside on July 25, 2017. It is expected that the Riverside County Board of Supervisors will unanimously approve the proposed financing. Kings County held a TEFRA hearing and approved on July 11, 2017.

Financing Structure:

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

Estimated Sources and Uses:

Sources:

Tax-Exempt Bond Proceeds	\$	12,955,000
Less Original Discount	\$	<u>(184,419)</u>
Total Sources:	\$	12,770,581

Uses:

Project Fund	\$	10,400,000
Project Reimbursements	\$	100,000
Debt Service Reserve Fund	\$	912,519
Capitalized Interest Fund	\$	694,950
Cost of Issuance	\$	400,671
Underwriter's Discount	\$	259,100
Additional Proceeds	\$	<u>3,341</u>
Total Uses:	\$	12,770,581

Recommendations:

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

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

Attachment 1

Public Benefit:

Temecula Valley Charter School is one of the oldest charter schools in California. A determined group of parents got together and created a shared vision of a family oriented school that provided an academically rigorous, hands on education. TVCS opened its doors in August 1994 with approximately 50 students. Over the years, it has managed to maintain the original values and remain relevant and high achieving.

Today, TVCS continues to offer meaningful opportunities for parents to volunteer. Because of the tremendous parent support, we are able to offer an average of 9 field trips per grade every year. The School has a hands on science lab for every child TK through grade 8. The School has one-to-one technology TK- 8. In recent years we have become well known for our expanding Arts programs. Every child experiences high quality visual arts, music, and performing arts instruction. These programs have disappeared from the public school systems, making them unique offerings here in the Temecula Valley.

With all of these extra programs, TVCS has still managed to maintain academic standards that are among the best in this high performing area. All benchmarks on statewide assessments exceed those of the state. ELA and Math state standard test scores meet or beat our sponsoring district, which has set a high bar. With only 60 eighth grade students, we manage to offer a general math course and an algebra course. The eighth graders also have the opportunity for Advanced ELA. The School offers a pull-out GATE program for grades 4-8 where students work on a variety of projects in multi-age groups weekly. Rosetta Stone is available for all middle schoolers to explore and develop proficiency in any of 30 world languages. Our students are well prepared for high school and beyond.

TVCS sets itself apart by providing a program that meets the needs of a wide variety of students with a wide variety of interests. In this area, there are numerous academies and prep- school models. TVCS is unique in its family friendly environment. TVCS manages to maintain academic rigor with an arts emphasis.

Recent accomplishments and program improvements include:

- Pull-out GATE program added in 2016
- Music instruction for TK-8 added in 2016
- Track and Field Team added 2016
- Competitive Show Choir added 2015
- Transitional Kindergarten added in 2014
- Algebra added in 2016
- Advanced Language Arts added in 2017
- One-to-one technology for every student TK-8 in 2016

RESOLUTION NO. 17-10A

CALIFORNIA PUBLIC FINANCE AUTHORITY

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

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

WHEREAS, the County of Riverside (the "County") has by resolution requested to join the Authority and the Authority has authorized the County to become an Additional Member pursuant to the provisions of the Agreement;

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

WHEREAS, 34155 Winchester Rd, LLC (the "Borrower"), the sole member of which is TVCS (the "Lessee"), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), has requested that the Authority issue one or more series of education facility revenue bonds, in an aggregate principal amount not to exceed \$20,000,000 to assist the Borrower in paying the costs to finance or refinance: (a) the construction, acquisition, equipping and improving of land and educational related facilities located at 34155 Winchester Road, Winchester, California, in the County of Riverside (the "Facilities"); (b) funding a debt service reserve fund for the Bonds; (c) paying capitalized interest on the Bonds; and (d) paying certain Bond issuance expenses (the "Project");

WHEREAS, the Facilities will be owned by the Borrower and leased to and operated by the Lessee as a charter school known as Temecula Valley Charter School;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PASSED AND ADOPTED by the California Public Finance Authority this 25th day of July, 2017.

I, the undersigned, an Authorized Signatory of the California Public Finance Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Board of Directors of the Authority at a duly called meeting of the Board of Directors of the Authority held in accordance with law on July 25, 2017.

By: _____
Authorized Signatory
California Public Finance Authority