



Agenda

Tuesday, October 31, 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 October 10, 2017 regular meeting.
3. **CONSENT CALENDAR**
A. Consideration of approving resolution 17-05M for the addition of program participants to the Authority.
4. **NEW BUSINESS**
A. Consideration of approving resolution 17-14A for Epiphany Holdings LLC, Cities of San Diego & Escondido, County of San Diego; up to \$20,000,000 of revenue bonds. (Staff – Caitlin Lanctot)
5. **PUBLIC COMMENT**
Any person may directly address the Board at this time on any item on the agenda, or on any other items of interest to the public, that is within the subject matter jurisdiction of the Board. Five (5) minutes are allowed for each item.
6. **STAFF UPDATES**
7. **ADJOURNMENT**
Adjourn as the California Public Finance Authority.



2. **APPROVAL OF MINUTES**

Approval of the minutes from the October 10, 2017 regular meeting.



Action Summary

Tuesday, October 10, 2017

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

Time: 11:00 a.m.

1. B 1 **CALL TO ORDER**
ROLL CALL – Clerk to the Board
ALL MEMBERS PRESENT

2. **APPROVAL OF MINUTES**
Approval of the minutes from the September 12, 2017 regular meeting.
ACTION: APPROVED AS PRESENTED (DV/RF/JN/RV/CP-Aye)

3. **CONSENT CALENDAR**
A. Consideration of approving resolution 17-04M for the addition of program participant to the Authority.
B. Consideration of approving inducement resolution 17-06I for Water Street Apartments Investors, L.P., City and County of Santa Cruz; up to \$18,000,000 of revenue bonds.
ACTION: CONSENT CALENDAR APPROVED AS PRESENTED (DV/RF/JN/RV/CP-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.



3. CONSENT CALENDAR

A. Consideration of approving resolution 17-05M for the addition of program participants to the Authority.

RESOLUTION NO. 17-05M

**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 31st day of October, 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 October 31, 2017.

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 Folsom
2. City of Santa Cruz



4. NEW BUSINESS

A. Consideration of approving resolution 17-14A for Epiphany Holdings LLC, Cities of San Diego & Escondido, County of San Diego; up to \$20,000,000 of revenue bonds. (Staff – Caitlin Lanctot)



| | |
|--------------------------|---|
| DATE: | OCTOBER 31, 2017 |
| APPLICANT: | EPIPHANY HOLDINGS, LLC |
| AMOUNT: | UP TO \$20 MILLION OF TAX-EXEMPT AND TAXABLE BONDS |
| PURPOSE: | FINANCE OR REFINANCE THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF EDUCATIONAL FACILITIES |
| PRIMARY ACTIVITY: | K-8 SCHOOL |
| LEGAL STRUCTURE: | NONPROFIT PUBLIC BENEFIT CORPORATION |

Epiphany Holdings, LLC (the “Borrower”) is a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code. The Borrower operates a public charter school known as Epiphany Prep School (“Epiphany”), whose design was a composite of the best practices of nationally acclaimed inner-city schools that prepare students marginalized by socio-economic, geographic and familial circumstance to be successful and resilient.

The mission of Epiphany is to deliver entrepreneurial and innovative education opportunities that transform the learning potential of marginalized students by strengthening the whole child: intellect, character, and spirit. With a model that sends more than 80% of urban children on to college, Epiphany Prep is a K-8 public charter school committed to transforming inner-city education to prepare students for college, career and life.

The school operates from two campuses located at 6785 Imperial Avenue, San Diego, California 92025 and 713, 717, 721 and 725 N. Escondido Boulevard, Escondido, California 92025.

Description of Proposed Project:

Epiphany will use the proceeds of the Series 2017 Bonds for the financing or refinancing the costs of the acquisition, construction, improving and equipping its facilities located at 6785 Imperial Avenue, San Diego, California 92025 and 713, 717, 721 and 725 N. Escondido Boulevard, Escondido, California 92025 for use as a charter high school serving grades K-8.

The school has requested CalPFA to issue up to \$20,000,000 to assist the Borrower in paying the costs to finance or refinance the construction, acquisition, equipping and improving of the land and educational facilities located at 6785 Imperial Avenue, San Diego, California 92025 (the “San Diego Facilities”) and tenant improvements to educational facilities located at 713, 717, 721 and 725 N. Escondido Boulevard, Escondido, California 92025 while reimbursing the Borrower for costs incurred in connection with the Facilities; funding a debt service reserve fund for the Bonds; paying capitalized interest on the Bonds; and paying certain Bond issuance expenses.

TEFRA Information:

A TEFRA hearing was held and unanimously passed by the San Diego County on September 12, 2017 and Kings County on August 22, 2017.

Financing Structure:

The Bonds will mature in no more than 35 years and bear interest at an average coupon rate not to exceed 10.00%. The Bonds will be sold through a limited offering to qualified institutional or accredited buyers. The proposed financing is in accordance with the Authority's issuance guidelines.

Estimated Sources and Uses:

Sources:

| | | |
|--------------------------|----|------------------|
| Tax-Exempt Bond Proceeds | \$ | 17,900,000 |
| Taxable Bond Proceeds | \$ | 390,000 |
| Original Issue Discount | \$ | <u>(273,991)</u> |
| Total Sources: | \$ | 18,016,009 |

Uses:

| | | |
|-------------------------|----|--------------|
| Building Acquisition | \$ | 7,500,000 |
| Construction or Remodel | \$ | 5,346,248 |
| Cost of Issuance | \$ | 746,915 |
| Capitalized Interest | \$ | 1,369,913 |
| Reserves | \$ | 1,550,683 |
| School Reimbursement | \$ | 1,500,000 |
| Additional Proceeds | \$ | <u>2,250</u> |
| Total Uses: | \$ | 18,016,009 |

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:

The public benefits provided by the Epiphany Prep Charter School project are numerous. Not only will the schools increase the permanent employment base in the area by adding new teachers & staff, but the schools also offer a strong alternative to public education at no cost to parents. The schools will also attract new resident families and/or students with the increased classroom space that will now be available to accommodate more students. The new facilities with multi-purpose rooms will increase the capacity for much needed community activities. Finally, the new construction project will provide an immediate boost to the local economy by increasing the number of construction jobs and materials purchased.

RESOLUTION NO. 17-14A

CALIFORNIA PUBLIC FINANCE AUTHORITY

A RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$20,000,000 TO FINANCE OR REFINANCE THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF EDUCATIONAL FACILITIES FOR THE BENEFIT OF EPIPHANY PREP SCHOOL OF SAN DIEGO 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 San Diego (the "County") is a member of the Authority;

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, Epiphany Holdings, LLC, a California limited liability company (the "Borrower"), the sole member of which is Epiphany Prep School of San Diego, Inc. (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 (i) land and educational facilities located at 6785 Imperial Avenue, San Diego, California 92025 (the "San Diego Facilities") and (ii) tenant improvements to educational facilities located at 713, 717, 721 and 725 N. Escondido Boulevard, Escondido, California 92025 (the "Tenant Improvements" and, together with the San Diego Facilities, the "Facilities"); (b) reimbursing the Borrower for costs incurred in connection with the Facilities; (c) funding a debt service reserve fund for the Bonds; (d) paying capitalized interest on the Bonds; and (e) paying certain Bond issuance expenses (collectively, the "Project");

WHEREAS, the land and current facilities at which the Tenant Improvements will be constructed will be owned by a third party and leased or subleased to the Borrower (or an affiliate thereof) and the Facilities will be owned by the Borrower (or an affiliate thereof) and operated by the Borrower as a 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 (Epiphany Prep School of San Diego Project), Series 2017 (the “Bonds”) for the purpose, among others, of financing or refinancing the Project;

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

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

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

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

- (1) A proposed form of the Indenture;
- (2) A proposed form of the Loan Agreement;
- (3) A proposed form of the Purchase Agreement; and
- (4) A proposed form of limited offering memorandum (the “Limited Offering Memorandum”) 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 (Epiphany Prep School of San Diego 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 31st day of October, 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 October 31, 2017.

By: _____
Authorized Signatory
California Public Finance Authority