



Agenda

Tuesday, December 19, 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 December 12, 2017 regular meeting.
3. **CONSENT CALENDAR**
 - A. Consideration of approving resolution 17-02C for Bond Issuance and Post Issuance Compliance Policies.
 - B. Consideration of approving inducement resolution 17-10I for Washington View, LP, City & County of Los Angeles; up to \$25,000,000 of revenue bonds.
4. **NEW BUSINESS**
 - A. Consideration of approving resolution 17-22A for Water Street Apartments Investors, L.P., City of Santa Cruz, County of Santa Cruz; up to \$15,000,000 of revenue notes. (Staff – Caitlin Lanctot)
 - B. Consideration of approving resolution 17-23A for The Branson School, City of Ross, County of Marin; up to \$24,000,000 of tax-exempt obligations. (Staff – Caitlin Lanctot)
 - C. Consideration of approving resolution 17-24A for Verity Health System of California, Inc., City of Redwood City, County of San Mateo; up to \$25,000,000 of revenue notes. (Staff – Caitlin Lanctot)
 - D. Consideration of approving resolution 17-25A for Hope on Alvarado, City of Los Angeles, County of Los Angeles; up to \$25,000,000 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.



CALIFORNIA
PUBLIC
FINANCE
AUTHORITY

2. **APPROVAL OF MINUTES**

Approval of the minutes from the December 12, 2017 regular meeting.



Action Summary

Tuesday, December 12, 2017

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

Time: 11:00 a.m.

B 1

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

2. **APPROVAL OF MINUTES**
Approval of the minutes from the December 5, 2017 regular meeting.
ACTION: APPROVED AS PRESENTED (DV/RV/CP-Aye, JN/RF-Absent)

3. **NEW BUSINESS**
A. Consideration of approving resolution 17-21A for St. Anton Folsom, LP, City of Folsom, County of Sacramento; up to \$30,000,000 of revenue bonds. (Staff – Caitlin Lanctot)
ACTION: APPROVED AS PRESENTED (DV/RV/CP-Aye, JN/RF-Absent)

4. **PUBLIC COMMENT**
Any person may directly address the Board at this time on any item on the agenda, or on any other items of interest to the public, that is within the subject matter jurisdiction of the Board. Five (5) minutes are allowed for each item. None

5. **STAFF UPDATES**
None

6. **ADJOURNMENT**
The meeting was adjourned at 11:06 a.m.



CALIFORNIA
PUBLIC
FINANCE
AUTHORITY

3. CONSENT CALENDAR

A. Consideration of approving resolution 17-02C for Bond Issuance and Post Issuance Compliance Policies.

B. Consideration of approving inducement resolution 17-10I for Washington View, LP, City & County of Los Angeles; up to \$25,000,000 of revenue bonds.

RESOLUTION NO. 17-02C

A RESOLUTION OF THE CALIFORNIA PUBLIC FINANCE AUTHORITY APPROVING BOND ISSUANCE AND POST-ISSUANCE COMPLIANCE POLICIES RELATED TO QUALIFIED RESIDENTIAL RENTAL PROPERTY (MULTIFAMILY HOUSING) FINANCINGS AND RELATED ACTIONS

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

WHEREAS, in furtherance of its issuing mortgage revenue bonds for the purpose of financing multifamily rental housing projects, the Authority regularly applies to the California Debt Limit Allocation Committee (“CDLAC”) for one or more allocations of “volume cap” or “state ceiling” awarded to the State of California under Section 146 of the Internal Revenue Code in respect of private activity bonds and allocated by CDLAC to issuers such as the Authority; and

WHEREAS, CDLAC has promulgated updated regulations (the “CDLAC Regulations”) requiring all that all applicants for volume cap to be used to finance qualified residential rental projects (multifamily rental housing) must, as a condition to receiving an allocation of volume cap after December 31, 2017, submit to CDLAC written Bond Issuance and Post-Issuance Compliance Policies that have been approved by the governing board of the applicant and reviewed by counsel;

WHEREAS, attached to this resolution as Exhibit A are proposed Bond Issuance and Post-Issuance Compliance Policies for adoption by the Board of Directors of the Authority, which have been reviewed by Orrick, Herrington & Sutcliffe, counsel to the Authority, in accordance with the CDLAC Regulations;

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

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

Section 2. The Bond Issuance and Post-Issuance Compliance Policies (the “Policies”) attached hereto as Exhibit A are hereby approved.

Section 3. The officers and/or the program managers of the Authority are hereby authorized and directed to submit the Policies to CDLAC, together with a letter of counsel as required by the CDLAC Regulations, and to take any and all other actions as may be necessary or appropriate in connection with such submission to cause the Authority to be and to remain an eligible “Applicant” as defined in the CDLAC Regulations, including but not limited to the payment of fees, the posting of deposits and the provision of certificates, the revision and modification of the Policies as required by CDLAC or counsel, and the updating of the Policies from time to time as needed; and any such actions heretofore taken by such officers and program managers are hereby ratified, approved and confirmed.

PASSED AND ADOPTED by the California Public Finance Authority this 19th day of December, 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 Directors of said Authority at a duly called meeting of the Board of Directors of said Authority held in accordance with law on December 19, 2017.

By: _____
Authorized Signatory

RESOLUTION NO. 17-10I

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PASSED AND ADOPTED by the California Public Finance Authority this 19th day of December, 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 Directors of said Authority at a duly called meeting of the Board of Directors of said Authority held in accordance with law on December 19, 2017.

By: _____
Authorized Signatory

EXHIBIT A

Project Name	Project Location	Project Description (units)	New Construction/ Acquisition and Rehabilitation	Legal Name of initial owner/operator	Bond Amount
Washington View Apartments	City of Los Angeles, County of Los Angeles	92	New Construction	Washington View, LP	\$25,000,000



4. NEW BUSINESS

- A.** Consideration of approving resolution 17-22A for Water Street Apartments Investors, L.P., City of Santa Cruz, County of Santa Cruz; up to \$15,000,000 of revenue notes. (Staff – Caitlin Lanctot)
- B.** Consideration of approving resolution 17-23A for The Branson School, City of Ross, County of Marin; up to \$24,000,000 of tax-exempt obligations. (Staff – Caitlin Lanctot)
- C.** Consideration of approving resolution 17-24A for Verity Health System of California, Inc., City of Redwood City, County of San Mateo; up to \$25,000,000 of revenue notes. (Staff – Caitlin Lanctot)
- D.** Consideration of approving resolution 17-25A for Hope on Alvarado, City of Los Angeles, County of Los Angeles; up to \$25,000,000 of revenue bonds. (Staff – Caitlin Lanctot)



DATE: DECEMBER 19, 2017

APPLICANT: WATER STREET APARTMENTS INVESTORS, L.P.

AMOUNT: UP TO \$15,000,000 IN REVENUE BONDS

PURPOSE: FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT

PRIMARY ACTIVITY: AFFORDABLE HOUSING

Background:

Water Street Apartments Investors, L.P. (the "Borrower") has requested that CalPFA issue revenue bonds to assist in the acquisition, construction and development of the Water Street Apartments, located at 708-718 Water Street in Santa Cruz, California (the "Project"). The Project application was filed on September 29, 2017, induced on October 10, 2017, and received an allocation of tax exempt bonds on December 13, 2017.

Description of Proposed Project:

The Borrower is requesting CalPFA to issue and deliver multifamily housing revenue bonds in an amount not to exceed \$15,000,000 (the "Bonds") to finance the acquisition, construction and development of the Project. The Project will be a new construction affordable residential apartment community located within walking distance to downtown Santa Cruz and near numerous amenities such as schools, transportation, and grocery stores. The .82 Acre site will be improved with 41 units in four stories with a large community room and resident amenities spaces along Water Street. The unit mix consists of 22 one bedroom units and 19 two bedroom units. A minimum of 8 units will be reserved for disabled persons with a preference for individuals that would benefit from developmental disability support services to be provided from Housing Choices and San Andreas Regional Center. All of these units will feature Project Based Section 8 Rental Assistance Vouchers which cap tenants rent at 30% of their respective income. It is anticipated that there will be many different types of residents including seniors, families, disabled and individuals.

The building will be constructed in four levels above grade and will feature an elevator. 41 parking spaces will be provided in open carports and on grade uncovered spaces. The project design is extremely high quality and will be indistinguishable from market rate apartment communities. The site will feature a large open space for resident congregation. Additionally, each unit will have a private balcony or patio. There will be also be secure bike parking facilities onsite. The project residents will benefit from an onsite community center with kitchen and living room space for resident use. Construction is anticipated to start April 1 and should take 14 months. Initial occupancies are expected for June 2019.

TEFRA Information:

TEFRA hearings were held by the City of Santa Cruz on October 24, 2017 and by Kings County on October 31, 2017.

Financing Structure:

The construction Bonds will be privately placed and mature in no more than 24 months. The Bonds will then convert to permanent financing for 17 years. Interest will be fixed and is expected to be around 3% during construction. The proposed financing is in accordance with the Authority's issuance guidelines.

Estimated Sources and Uses:

Sources:

Tax-Exempt Bond Proceeds	\$12,300,000
Projected Tax Credits	\$882,170
Developer Equity	\$1,520,346
City Santa Cruz RDA Loan	\$1,300,000
City Santa Cruz AHTF Loan	\$1,300,000
City Santa Cruz CDBG	\$321,851
<u>City Santa Cruz HOME Loan</u>	<u>\$1,367,944</u>
Total Sources	\$18,992,311

Uses:

Land Acquisition Cost	\$2,390,000
Construction Costs	\$11,219,126
Cost of Issuance	\$250,000
Soft Costs	\$4,768,790
<u>Reserves</u>	<u>\$364,395</u>
Total Uses	\$18,992,311

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
 - 5 units at 50% AMI
 - 35 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
 - The Project is located within a mile of a hospital
 - The Project is providing housing and support services for those with disabilities

RESOLUTION NO. 17-22A

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 \$15,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT TO BE GENERALLY KNOWN AS WATER STREET 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, Water Street Apartments Investors, 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 (Water Street Apartments) 2017 Series G (the “Note”) to assist in the financing of the acquisition, construction and development of a 41-unit multifamily housing rental development located in the City of Santa Cruz, California, and to be known as Water Street Apartments (the “Project”);

WHEREAS, on December 13, 2017, the Authority received an allocation in the amount of \$13,000,000 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 Santa Cruz 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 \$15,000,000, 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 Pacific Western Bank, a California state-chartered bank (the “Bank”), 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 delivered for the purposes intended:

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

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

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

(4) Assignment Agreement (the “Assignment Agreement”) to be entered into between the Bank and the Authority; and

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 Bank 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 (Water Street Apartments) 2017 Series G” 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 \$15,000,000; 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 Bank 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 Bank 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 Bank 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 Bank 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 Bank 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 December 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 Bank 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 Assignment 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 Assignment 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 with the advice of Authority Counsel, such approval to be conclusively evidenced by the delivery thereof.

Section 7. The Authority is hereby authorized to execute and deliver the Note to the Bank pursuant to the terms and conditions of the Bank Loan Agreement.

Section 8. 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, an endorsement, allonge or assignment of any note, any subordination or intercreditor agreements and such other documents as described in the Bank 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 9. 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 Bank Loan Agreement and other documents approved herein.

Section 10. This Resolution shall take effect upon its adoption.

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PASSED AND ADOPTED by the California Public Finance Authority this December 19, 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 December 19, 2017.

By _____
Authorized Signatory

[Authorizing Resolution – Water Street Apartments]



DATE: DECEMBER 19, 2017

APPLICANT: THE BRANSON SCHOOL

AMOUNT: UP TO \$24,000,000 IN TAX-EXEMPT OBLIGATIONS

PURPOSE: REFINANCING CAPITAL IMPROVEMENTS TO CERTAIN FACILITIES AND CERTAIN OTHER MATTERS

PRIMARY ACTIVITY: K-12 EDUCATIONAL

Background:

The Branson School (the "Borrower") has requested that CalPFA issue revenue bonds to assist in refinancing the costs of the construction, acquisition, installation, renovation, rehabilitation and improvement of real property, located on its campus at 39 Fernhill Avenue and 71 Fernhill Avenue, Ross, California 94957 (the "Campus"). The Branson School inspires excellence in a nurturing, vibrant educational community based on personal and intellectual integrity. At the heart of Branson is the trusting, dynamic relationship between dedicated teachers and students. Through the vitality, breadth, and rigor of its programs, Branson encourages students to think critically, communicate clearly, develop their individual talents and interests, and pursue a lifelong passion for learning. Branson believes that diversity of people and thought enriches us all and promotes responsible leadership in the global community.

The Project application was filed on November 16, 2017.

Description of Proposed Project:

In 2008, the Borrower used ABAG Finance Authority for Nonprofit Corporation Variable Rate Demand Revenue Bonds to finance a new Arts Center, Science Building, and Student Commons/Dining Room Facility, and miscellaneous construction, acquisition, renovation, improvements, demolition, capital maintenance, equipment acquisition and installation thereof at the Campus (the "2008 Bonds"). The Borrower is requesting CalPFA to issue and deliver tax-exempt obligations in an amount not to exceed \$24,000,000 (the "Bonds") to refinance the costs of the 2008 Bonds and pay for costs of issuance.

TEFRA Information:

TEFRA hearings were held by the County of Marin on December 12, 2017 and by Kings County on December 5, 2017.

Financing Structure:

The Bonds will be privately placed and will mature in no more than 30 years. The non-rated bonds will have a fixed interest rate of 3.1%. The proposed financing is in accordance with the Authority's issuance guidelines.

Estimated Sources and Uses:

Sources:

Tax-Exempt Bond Proceeds	<u>\$ 24,000,000</u>
Total Sources:	\$ 24,000,000

Uses:

Cost of Issuance	\$ 500,000
Refunding of Outstanding Bonds / Swap Paydown	<u>\$ 23,500,000</u>
Total Uses:	\$24,000,000

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:

This refinance will allow The Branson School to continue with their mission to nurture excellence to the educational community and also benefit from a cost savings.

RESOLUTION NO. 17-23A

CALIFORNIA PUBLIC FINANCE AUTHORITY

A RESOLUTION AUTHORIZING THE ISSUANCE OF AN OBLIGATION IN A PRINCIPAL AMOUNT NOT TO EXCEED \$24,000,000, FOR THE PURPOSE OF REFINANCING CAPITAL IMPROVEMENTS TO CERTAIN FACILITIES AND CERTAIN OTHER MATTERS RELATING THERETO, TO BENEFIT THE BRANSON SCHOOL

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

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

WHEREAS, The Branson School, a California nonprofit corporation (the “Corporation”) has requested that the Authority participate in issuing one or more tax-exempt obligations (the “Obligation”) in an aggregate principal amount not to exceed \$24,000,000, for the purpose of making a loan to the Corporation to (1) refund all of the outstanding \$22,500,000 ABAG Finance Authority for Nonprofit Corporations Variable Rate Demand Revenue Bonds (The Branson School) Series 2008 (the “2008 Bonds”), and (2) pay various costs of issuance in connection with the Obligation and other related costs, including, but not limited to, a termination payment with respect to an interest rate swap related to the 2008 Bonds;

WHEREAS, the proceeds of the 2008 Bonds were used to (i) finance the costs of (a) construction, acquisition, installation, renovation, rehabilitation and improvement of real property, facilities and equipment of the Corporation’s educational facilities located on its campus at 39 Fernhill Avenue and 71 Fernhill Avenue, Ross, California 94957 (the “Campus”), including but not limited to a new Arts Center, Science Building, and Student Commons/Dining Room Facility, and (b) miscellaneous construction, acquisition, renovation, improvements, demolition, capital maintenance, equipment acquisition and installation thereof at the Campus (collectively, the “Project”); and (ii) pay certain costs of issuance of the 2008 Bonds, including fees and expenses with respect to a direct-pay letter of credit supporting the 2008 Bonds;

WHEREAS, the Corporation is requesting the assistance of the Authority in refinancing the Project and paying various costs of issuance in connection with the Obligation and other related costs including, but not limited to, a termination payment with respect to an interest rate swap related to the 2008 Bonds;

WHEREAS, pursuant to a Master Loan Agreement to be executed by First Republic Bank (the “Lender”), the Authority and the Corporation (the “Master Loan Agreement”), the Authority will make a tax-exempt loan to the Corporation in a principal amount not exceeding \$24,000,000, for the purpose of refinancing the Project;

WHEREAS, the Project is used and operated by the Corporation and is located within the County of Marin;

WHEREAS, the County of Marin is an Additional Member of the Authority;

WHEREAS, the Board of Supervisors of the County of Kings (the “Kings Board of Supervisors”) is the elected legislative body of the County of Kings and is the applicable elected representative under Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), and pursuant to Section 147(f) of the Code, the Kings Board of Supervisors has, following notice duly given, held a public hearing regarding the issuance of the Obligation by the Authority, and will approve the issuance of the Bonds by the Authority;

WHEREAS, pursuant to the policies of the Authority, the Obligation may only be assigned to Qualified Institutional Buyers (as defined in the Master Loan Agreement) and the Lender will sign an investor letter confirming that it is a Qualified Institutional Buyer and certain other related matters;

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 Master Loan Agreement, the Authority is hereby authorized to issue the Obligation in an aggregate principal amount not to exceed Twenty-Four Million Dollars (\$24,000,000). The Obligation shall be issued and secured in accordance with the terms of the Master Loan Agreement.

Section 2. The proposed form of Master Loan Agreement, as made available to the Board of Directors, is hereby approved. 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”) is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Master 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. The dated date, maturity date or dates, interest rate or rates, methods of determining rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption, tender provisions, and other terms of the Obligation shall be as provided in the Master Loan Agreement, as finally executed.

Section 3. 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 Obligation, 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 4. 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 Obligation are hereby ratified, confirmed and approved.

Section 5. It is the purpose and intent of the Board of Directors that this Resolution constitute approval of the delivery of the Obligation by the Authority for the purpose of Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Authority is located.

Section 6. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the California Public Finance Authority this 19th day of December, 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 December 19, 2017.

By: _____
Authorized Signatory
California Public Finance
Authority



CALIFORNIA
PUBLIC
FINANCE
AUTHORITY

DATE:	DECEMBER 19, 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 December 18, 2017. In addition, Kings County held a TEFRA hearing on December 12, 2017.

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 Notes will mature no later than December 10, 2020 and will bear interest at approximately 7.25%.

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. 17-24A

CALIFORNIA PUBLIC FINANCE AUTHORITY

A RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE NOTES IN AN AGGREGATE 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 “Series 2017B 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 “Series 2017B Notes”) for the purpose, among others, of providing for the Series 2017B Financing;

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

WHEREAS, the Series 2017B 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 Note Purchase Agreement, if any (the “Note Purchase 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 the Note Purchase 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 Series 2017B 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 Series 2017B Notes. The Series 2017B 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, but are not limited to, changes and insertions necessary or convenient to reflect the delivery of the Series 2017B Notes in certificated or book-entry form, and provisions relating to the issuance of draw-down notes from time-to-time. 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 Series 2017B 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 Note 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 one or more Note Purchase

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 Note Purchase 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 Series 2017B 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 Series 2017B Notes by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Series 2017B 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 Series 2017B 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 Series 2017B 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 19th day of December, 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 regular meeting of the Board of Directors of the Authority, at which a quorum was acting and present throughout, held in accordance with law on December 19, 2017.

By: _____
Authorized Signatory
California Public Finance Authority

[Resolution No. 17-__]



DATE: DECEMBER 19, 2017

APPLICANT: HOPE ON ALVARADO, LP

AMOUNT: UP TO \$25,000,000 IN REVENUE BONDS

PURPOSE: FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT

PRIMARY ACTIVITY: AFFORDABLE HOUSING

Background:

Hope on Alvarado, LP (the "Borrower") has requested that CalPFA issue revenue bonds to assist in the acquisition, construction and development of the Hope on Alvarado Apartments, located at 166 S. Alvarado Street in Los Angeles, California (the "Project"). The Project application was filed on November 10, 2016, induced on November 15, 2016, and is anticipating an allocation of tax exempt bonds on December 20, 2017.

Description of Proposed Project:

The Borrower is requesting CalPFA to issue and deliver multifamily housing revenue bonds in an amount not to exceed \$25,000,000 (the "Bonds") to finance the acquisition, construction and development of the Project. The Project will be an 84 unit new construction affordable residential apartment community that will provide permanent supportive housing for chronically homeless individuals. All units are expected to benefit from subsidy and as such, the annual incomes for income-eligible households will range from \$0 to \$37,860.

The Project will consist of one five-story elevator-serviced residential building located on a .44 acre infill site. Unit amenities will include a blinds, central heating and air conditioning, faux hardwood flooring, coat closets, and ceiling fans. All of the units will also be fully furnished with a small table and two chairs and a bed frame. Appliances will include refrigerators, two-burner electric cooktops (no oven), and microwaves. Community areas will offer a courtyard, elevators, exercise facility, central laundry room, on-site management, a picnic area, recreation areas, a library, an activity coordinator, social services provided by the County of Los Angeles Department of Health Services (DHS), which will include four dedicated case managers to offer wrap around social services, and a medical clinic on the ground floor of the building. Construction is expected to begin in January 2018.

TEFRA Information:

TEFRA hearings were held by the City of Los Angeles on December 13, 2017 and by Kings County on November 14, 2017.

Financing Structure:

The construction Bonds will be privately placed and mature in no more than 18 months. The Bonds will then convert to permanent financing for 15 years. Interest will be fixed and is expected to be around 4.1%. The proposed financing is in accordance with the Authority's issuance guidelines.

Estimated Sources and Uses:

Sources:

Tax Exempt Bond Proceeds	\$21,000,000
LIHTC Equity	\$1,916,474
Deferred Costs	\$2,359,133
<u>Seller Carryback Loan</u>	<u>\$1,800,000</u>
Total Sources	\$27,075,607

Uses:

Acquisition	\$7,800,000
Hard Construction Costs	\$11,611,388
Contractor Overhead & Profit	\$868,784
Architectural Costs	\$700,000
Survey & Engineering	\$25,000
Construction Fees	\$928,149
Permanent Financing Costs	\$386,833
Legal Fees	\$107,500
Reserves	\$604,658
Appraisal	\$7,100
Construction Contingency	\$1,238,017
Soft Costs	\$439,045
Developer Overhead	<u>\$2,359,133</u>
Total Uses	\$27,075,607

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
 - 63 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
 - The Project is located within a mile of a hospital
 - The Project is located within a mile of a public school
 - The Project is providing housing and support services for chronically homeless individuals

RESOLUTION NO. 17-25A

A RESOLUTION OF THE CALIFORNIA PUBLIC FINANCE AUTHORITY AUTHORIZING THE ISSUANCE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$25,000,000 FOR THE FINANCING OF A MULTIFAMILY RENTAL HOUSING PROJECT GENERALLY KNOWN AS HOPE ON ALVARADO; 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 BONDS

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”); and

WHEREAS, Hope on Alvarado, LP, a California limited partnership, and entities related thereto (collectively, the “Borrower”), wishes to finance the acquisition, construction and development of a 90-unit multifamily rental housing development generally known as Hope on Alvarado located in the City of Los Angeles, California (the “Project”), and has requested that the Authority issue and sell revenue Bonds (hereinafter defined) for the purpose of making a loan to the Borrower to finance the Project; and

WHEREAS, the County of Kings is a Charter Member (as defined in the Agreement) and the City of Los Angeles is an Additional Member (as defined in the Agreement) and each has authorized the issuance and delivery of the Bonds; and

WHEREAS, on December 13, 2017, or such other date as the hearing may ultimately be heard, the City of Los Angeles has by resolution approved the issuance of the Bonds by the Authority, following notice and a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986, as amended and Section 4 of the Joint Exercise of Powers Agreement of the Authority; and

WHEREAS, on December 20, 2017, the Authority is expected to receive an allocation in the amount of \$20,000,000 (such amount as finally approved, the “Allocation Amount”) from the California Debt Limit Allocation Committee (“CDLAC”) for the purpose of financing the Project; and

WHEREAS, the Authority is willing to issue not to exceed \$25,000,000 aggregate principal amount of its Multifamily Housing Revenue Bonds (Hope on Alvarado) 2017 Series J (the “Bonds”), provided that the aggregate portion of such Bonds issued as federally tax-exempt obligations shall not exceed the Allocation Amount, as finally approved, and 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 very low income persons;

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 issuance of the Bonds, and such documents are now in substantial form and appropriate instruments to be executed and delivered for the purposes intended:

(1) A proposed form of the Indenture of Trust (the “Indenture”), to be entered into between the Authority and ZB, National Association dba Zions Bank, as trustee (the “Trustee”);

(2) A proposed form of the Financing Agreement (the “Financing Agreement”), to be entered into among the Authority, the Trustee and the Borrower;

(3) A proposed form of the Bond Purchase Agreement (the “Purchase Agreement”), to be entered into among the Authority, the Borrower and Key Banc Capital Markets, Inc., as underwriter of the Bonds (the “Underwriter”);

(4) A proposed form of the Official Statement (the “Official Statement”), to be used in connection with the offer and sale of the Bonds; and

(5) A proposed form of the Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”), to be entered into among the Borrower, the Authority and the Trustee.

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 Indenture, and in accordance with the Housing Law, the Authority is hereby authorized to issue one or more series of Bonds. The Bonds shall be designated as “California Public Finance Authority Multifamily Housing Revenue Bonds (Hope on Alvarado) 2017 Series J” with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$25,000,000; provided that the Bonds may not be issued unless and until CDLAC grants the Project the Allocation Amount, and provided further that the aggregate principal amount of any tax-exempt Bonds issued shall not exceed the Allocation Amount. The Bonds shall be issued in the form set forth in and otherwise in accordance with the Indenture, and shall be executed on behalf of the Authority by the facsimile signature of the Chair, Vice Chair or Treasurer of the Authority, and attested by the manual or facsimile signature of the Secretary of the Authority. The Bonds shall be issued and secured in accordance with the terms of the Indenture, with such changes, deletions or insertions

as may be approved by a Director of the Board of the Authority and legal counsel to the Authority, such approvals being conclusively evidenced by the execution and delivery thereof. Payment of the principal and purchase price of, and the redemption premium, if any, and interest on the Bonds shall be made solely from amounts pledged thereto under the Indenture, and the Bonds 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 Indenture, in substantially 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 Indenture, 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 dated date, maturity dates or dates (which shall not extend beyond 45 years from the date of issuance of the Bonds), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption, series designations and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 4. The Financing 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 Financing 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 Authority is hereby authorized to sell the Bonds to the Underwriter pursuant to the terms and conditions of the Purchase Agreement. The form, terms and provisions of the Purchase Agreement in the form presented at this meeting are hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Purchase 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 hereby approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 6. The form, terms and provisions of the Official Statement in the form presented at this meeting are hereby approved and the Board hereby approves the distribution of the Official Statement to prospective purchasers of the Bonds. Any Authorized Signatory, acting alone, is authorized to certify on behalf of the Authority that the Official Statement as to the sections therein related directly to the Authority is deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. Any Authorized Signatory, acting alone, is authorized to execute, at the time of the sale of the Bonds, said Official Statement in final form, 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 hereby approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 7. The Underwriter is hereby authorized to distribute a preliminary Official Statement, in substantially the form placed on file with the Authority, to persons who may be interested in the purchase of the Bonds and to deliver the Official Statement in final form to the purchasers of the Bonds, in each case with such changes as any Authorized Signatory, as approved by counsel to Authority, deems desirable, necessary or appropriate.

Section 8. 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 9. The Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Bonds by executing the certificate of authentication of the Trustee appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or at the direction of the Underwriter, in accordance with written instructions executed and delivered on behalf of the Authority by an Authorized Signatory, which any Authorized Signatory, acting alone, is hereby authorized and directed to execute and deliver such instructions to the Trustee. Such instructions shall provide for the delivery of the Bonds to or at the direction of the Underwriter in accordance with the Purchase Agreement upon payment of the purchase price thereof.

Section 10. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the sale and issuance of the Bonds 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, a subordination or intercreditor agreement, any endorsement and/or assignment of the deed of trust and such other documents as described in the Indenture, the Purchase Agreement, and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds 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 11. 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 issuance of the Bonds, 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 Bonds or any redemption of the Bonds, 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 Indenture, and other documents approved herein.

Section 12. This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the California Public Finance Authority this 19th day of December, 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 December 19, 2017.

By: _____
Authorized Signatory