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## *Agenda*

Tuesday, April 24, 2018

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

**Time:** 11:00 a.m.

1.        **CALL TO ORDER**  
          **ROLL CALL – Clerk to the Board**
  
2.        **APPROVAL OF MINUTES**  
          Approval of the minutes from the March 27, 2018 regular meeting.
  
3.        **CONSENT CALENDAR**  
          **A.** Consideration of approving resolution 18-03M for the addition of program participant to the Authority.
  
4.        **NEW BUSINESS**  
          **A.** Consideration of approving resolution 18-01A for Credo High School, City of Rohnert Park, County of Sonoma; up to \$6,500,000 of revenue bonds. (Staff – Caitlin Lanctot)  
          **B.** Consideration of approving resolution 18-02A for Reliant – Valley, LP, City of San Bernardino, County of San Bernardino, City of Woodland, County of Yolo, City of Fresno, County of Fresno; up to \$80,000,000 of revenue notes. (Staff – Caitlin Lanctot)  
          **C.** Consideration and approval of the CalPFA Audited Financial Statements for the fiscal year ending June 30, 2017. (Staff – Mike LaPierre/Amy Stoneham)
  
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 March 27, 2018 regular meeting.



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## *Action Summary*

Tuesday, March 27, 2018

**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  
ALL MEMBERS PRESENT
  2. **APPROVAL OF MINUTES**  
Approval of the minutes from the March 13, 2018 regular meeting.  
**ACTION: APPROVED AS PRESENTED (DV/RF/JN/CP/RV-Aye)**
  3. **CONSENT CALENDAR**  
A. Consideration of approving an inducement resolution 18-02I for:
    1. C4, L.P. (Coronado Apartments), City of Coronado, County of San Diego; up to \$7,000,000 of revenue bonds.**ACTION: APPROVED AS PRESENTED (JN/CP/DV/RF/RV-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 11:04 a.m.*



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**3. CONSENT CALENDAR**

**A.** Consideration of approving resolution 18-03M for the addition of program participant to the Authority.

**RESOLUTION NO. 18-03M**

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

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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 24<sup>th</sup> day of April, 2018.

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 April 24, 2018.

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 Coronado



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**4. NEW BUSINESS**

**A.** Consideration of approving resolution 18-01A for Credo High School, City of Rohnert Park, County of Sonoma; up to \$6,500,000 of revenue bonds. (Staff – Caitlin Lancot)

**B.** Consideration of approving resolution 18-02A for Reliant – Valley, LP, City of San Bernardino, County of San Bernardino, City of Woodland, County of Yolo, City of Fresno, County of Fresno; up to \$80,000,000 of revenue notes. (Staff – Caitlin Lancot)

**C.** Consideration and approval of the CalPFA Audited Financial Statements for the fiscal year ending June 30, 2017. (Staff – Mike LaPierre/Amy Stoneham)





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<b>DATE:</b>	APRIL 24, 2018
<b>APPLICANT:</b>	CREDO HIGH SCHOOL
<b>AMOUNT:</b>	UP TO \$6.5 MILLION OF TAX-EXEMPT AND TAXABLE BONDS
<b>PURPOSE:</b>	REFUNDING AND FINANCING CAPITAL IMPROVEMENTS
<b>PRIMARY ACTIVITY:</b>	9-12 SCHOOL
<b>LEGAL STRUCTURE:</b>	NONPROFIT PUBLIC BENEFIT CORPORATION

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**Background:**

Credo High School (the “Borrower” or “Credo”) 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 pursuant to a charter authorized and approved by the Cotati Rohnert Park Unified School District.

Credo teaches students residing primarily in Sonoma County, California, and draws students primarily from the Cotati Rohnert Park Unified School District. The school began operations in the FY 2012 school year with approximately 40 students in grades 9-12. As of April 2018, Credo served approximately 320 students.

The school operates from a single campus located at 1300 Valley House Drive, Suite 100 Rohnert Park, California.

**Description of Proposed Project:**

Credo will use the proceeds of the Series 2018 Bonds for the refunding of its CalPFA Series 2017 Bonds, and refinancing the costs of the construction, renovation, improving and equipping its leased facility located at 1300 Valley House Drive, Suite 100 Rohnert Park, California for use as a charter high school serving grades 9-12.

The school has requested CalPFA to issue up to \$6,500,000 in tax-exempt and taxable bonds to pay for the costs of refunding, constructing tenant improvements, equipping the school facility, and capitalized interest.

**TEFRA Information:**

A TEFRA hearing will be held by the City of Rohnert Park and Kings County on April 24, 2018. It is expected that the City Council and Kings County will unanimously approve the proposed financing.

**Financing Structure:**

The Bonds will mature in no more than 28 years and bear interest at an average coupon rate of 7.00%. The Bonds will be sold as a private placement to a qualified institutional buyer. The proposed financing is in accordance with the Authority's issuance guidelines.

**Estimated Sources and Uses:**

Sources:

Tax-Exempt Bond Proceeds	\$	5,820,000
Taxable Bond Proceeds	_\$	540,000
Transfer of Reserves	\$	<u>250,000</u>
Total Sources:	\$	6,610,000

Uses:

Refunding Escrow	\$	3,210,000
Project Fund	\$	2,400,000
Capitalized Interest Fund	\$	610,000
Cost of Issuance	\$	<u>390,000</u>
Total Uses:	\$	6,610,000

**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:**

Credo is one of only three public Waldorf high schools in the United States. (The others are Desert Marigold in Phoenix, Arizona and George Washington Carver in Sacramento, California.) Credo is unique in that it is specifically a college-preparatory program, and all graduates will have met the admission requirements of the University of California and the California State University systems.

In its first three years, with one class each of freshmen, sophomores and juniors, Credo High School has:

- Earned an Academic Performance Index score of 853, the third-highest of 26 site-based public high schools in Sonoma County.
- Earned the maximum allowable accreditation from the Western Association of Schools and Colleges (WASC), granted in January 2014.
- Raised the bar for public high schools in Sonoma County and all of California by ensuring that *all* Credo students are on track to have met rigorous academic requirements (“a-g Standards”) to apply to the University of California system (vs. only 31% state-wide).
- Begun to prepare widely and broadly capable leaders of the future with a comprehensive college prep program that enables all of our students to develop as whole human beings—academically, intellectually, physically, socially, emotionally and morally.
- Presented all students with a rich, four-year, social-emotional curriculum that teaches them to communicate, collaborate, resolve conflict, build consensus and support one another.
- Been the first and only public school to win Green Business Certification by the Sonoma County Economic Development Board. All Credo students study environmental science, farming and food literacy—the foundations of a four-year environmental and agricultural sustainability curriculum that prepares students to be effective stewards of the earth.
- Created, in partnership with local sustainability nonprofit, Daily Acts Organization, 2,500 square feet of food producing gardens, which supply produce for special events, occasional student lunches and family consumption.
- Taught all students a variety of fine and practical arts, which enrich their feeling lives and strengthen their self-expression; every student studies drawing, printmaking, silk-screening, color theory, painting (watercolor, acrylics and oils), ceramics, media arts, blacksmithing, wood turning and basic carpentry.
- Taught students financial literacy and entrepreneurialism, and had them participate in the creation and operation of Credo businesses, including Club Credo, a 2-gen (teens + parents) nightclub presenting professional bands and comics, created and run by students.
- Initiated an Adventure Learning program, which led all ninth grade students on a 4-day, 28-mile backpacking trip that built their strength, endurance and self-confidence and accelerated their social development; led all tenth grade students on a four-day kayaking trip while they were studying oceanography and *The Odyssey*; and led all eleventh grade students on a four-day stargazing trip in preparation for the study of astronomy. Twelfth graders will participate in a solo quest.
- Taught all students music, three hours a week for four years of high school, creating a Credo Choir, a Credo Orchestra, an American Music Ensemble and a World Percussion Ensemble. The school has presented eight concerts, and the American Music Ensemble has performed in professional music venues, including headlining annual “Waldorf at Weill” concerts at Sonoma State University’s prestigious Green Music Center.
- Developed a theater program that produced three highly successful musical theater productions: “You’re a Good Man, Charlie Brown,” “School House Rock” and “Scrooge’s Christmas.” Also

produced several dramatic plays, including a Shakespeare Night, "I'll Never See Another Butterfly" and "Peter and the Starcatcher."

- Published a five-part newspaper series about sustainability education at Credo High, exploring the school's focus on Environmental Sustainability, Agricultural Sustainability, Economic Sustainability, Social Sustainability and Personal Sustainability.
- Taught every student a world language, either Mandarin or Spanish, four classes a week, and initiated cultural exchanges, where Credo students have lived abroad (Spain, Germany, Turkey) and foreign students joined Credo for a period of time (from Spain, Germany and Pakistan).
- Hosted the only eighth grade Waldorf class from China and shared a cultural exchange with Credo students—in Mandarin and English.
- Hosted summer service trips to Nicaragua in partnership with Global Student Embassy, creating food-producing gardens in Nicaraguan elementary schools.
- Initiated a collaborative relationship with our neighboring Sonoma State University—this includes hosting SSU student teachers at Credo, hosting SSU education students as classroom observers, and welcoming SSU students to serve as tutors and mentors to Credo students.
- Won a grant in partnership with Learning with Nature, Inc. to develop a twelfth-grade course in biomimicry; the country's first high school course in this innovative nature-based design field will be taught to Credo twelfth graders in the fall of 2014.
- Initiated an eleventh grade Developing Capacities course, where Credo students learn the social-emotional, observational, communication, spatial and kinesthetic skills that are needed as an assistant to blind students in learning wood turning on Credo's machine lathes; this course is part of a partnership between Credo and U.C. Davis to engage more blind and visually impaired (BVI) students in science, technology, engineering and math (STEM) education.
- Hosted weekly student assemblies about career education. Called "Livelihood," this series invites speakers every Friday to inform Credo students about their careers, the specifics of their jobs on a day-to-day basis, and the path that got them from high school to their current occupations. Visiting speakers have included farmers, filmmakers, doctors, animal right advocates, musicians and academics.
- Held weekly intramural sports games, where all students in mixed-grade teams play soccer, ultimate frisbee, flag football, basketball, volleyball and baseball.
- Founded a girls' soccer team, a boys' baseball team and club-level, co-ed basketball and volleyball teams.
- Initiated extracurriculars, including Student Council, Eco Council, a poetry club, drama club and Terpsicore Dance Club.
- Created Credo Rose Eurythmy, an extracurricular performing troupe that has performed at Credo, at Waldorf schools throughout the Bay Area, and toured throughout the Pacific Northwest.

**RESOLUTION NO. 18-01A**

**CALIFORNIA PUBLIC FINANCE AUTHORITY**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$6,500,000 TO FINANCE AND/ OR REFINANCE THE IMPROVEMENT AND EQUIPPING OF A CHARTER SCHOOL FACILITY FOR CREDO HIGH SCHOOL, TO REFUND CERTAIN OUTSTANDING BONDS OF THE AUTHORITY, 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; and

WHEREAS, the City of Rohnert Park (the “City”) is an Additional Member as defined in and pursuant to the provisions of the Agreement; and

WHEREAS, the Authority is authorized by the 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; and

WHEREAS, Credo High School, a California nonprofit public benefit member corporation (the “Borrower”), wishes to (a) finance and/or refinance the tenant improvements and furniture, fixtures and equipment for the charter high school (the “Facility”) owned and operated by the Borrower, which Facility is located in the City, (b) refund and defease the Authority’s Charter School Revenue Bonds (Credo High School Project), Series 2017A and Charter School Revenue Bonds (Credo High School Project), Taxable Series 2017B (collectively, the “Refunded Bonds”), (c) pay capitalized interest on the Bonds (herein described), and (d) pay costs of issuance of the Bonds (as defined herein) (collectively, the “Project”); and

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

WHEREAS, pursuant to an Indenture of Trust (the “Indenture”), between the Authority and The Huntington National Bank (the “Trustee”), the Authority will issue the California Public Finance Authority Charter School Revenue Bonds (Credo High School Project), Series 2018A and Taxable Series 2018B (collectively, the “Bonds”) for the purpose, among others, of financing and refinancing the Project; and

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 and refinancing the Project; and

WHEREAS, pursuant to Section 5852.1 of the California Government Code, the Authority, as a conduit financing provider, has received certain representations and good faith estimates from the Borrower and has disclosed such good faith estimates as set forth on Exhibit A attached hereto; and

WHEREAS, pursuant to a Bond Purchase Contract, to be dated the sale of the Bonds (the “Purchase Contract”), among R. Sealaus and Company, Inc., as underwriter (the “Underwriter”) and the Authority, the Bonds will be sold to the Underwriter, and the proceeds of such sale will be used as set forth in the Indenture to finance and refinance the Project; and

WHEREAS, the Underwriter will offer the Bonds for sale pursuant to a limited public offering memorandum (the “Limited Offering Memorandum”) to Accredited Investors and/or Qualified Institutional Buyers (both as defined in the Indenture) (collectively, the “Beneficial Owners”) for whom Greenwich Investment Management, Inc. (“Greenwich”) serves as Bondholder Representative and holds such Bonds in managed accounts or investment vehicles for such Beneficial Owners, and the proceeds of such sale will be used as set forth in the Indenture to finance and refinance the Project; and

WHEREAS, the Bonds will be additionally secured by (a) an Assignment of Lease by the Borrower in favor of the Trustee, and (b) such other security as described in the Indenture and the Loan Agreement; and

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 Contract; and
- (3) A proposed form of the Limited Offering Memorandum.

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 Revenue Bonds (Credo High School Project), Series 2018A and Taxable Series 2018B in one or more series in an aggregate principal amount not to exceed Six Million Five Hundred Thousand Dollars (\$6,500,000). 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 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. 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 Purchase Contract, as made available to the Board of Directors, is hereby approved. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Purchase Contract in substantially said form, with such changes and insertions therein as any member of the Board of Directors, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 5.** The information in the proposed final form of Limited Offering Memorandum under the captions “THE AUTHORITY” and “LITIGATION – The Authority” as made available to the Board of Directors, is hereby approved. The Underwriter is hereby authorized to distribute the Limited Offering Memorandum to the purchasers of the Bonds, in each case with such changes as may be approved as aforesaid; provided, that the foregoing does not constitute approval by the Authority of, and the Authority assumes no responsibility for, the accuracy and completeness of any information in the Limited Offering Memorandum other than the information under the captions “THE AUTHORITY” and “LITIGATION – The Authority”.

**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 or for the account of 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 or for the account of 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 City and the County of Kings have each held the hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986, if required by said Section, to provide financing and refinancing for the Project, and approved the issuance of the Bonds following such hearing.

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

PASSED AND ADOPTED by the California Public Finance Authority this 24nd day of April, 2018.

I, the undersigned, an Authorized Signatory of the California Public Finance Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Board of Directors of the Authority at a duly called and properly noticed meeting of the



Board of Directors of the Authority, at which a quorum was acting and present throughout, held in accordance with law on April 24, 2018.

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

Exhibit A

Public Disclosures Relating to Conduit Revenue Obligations  
in order to comply with SB 450.

## PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the borrower (the "Borrower") identified below has provided the following required information to the California Public Financing Authority (the "Authority") as conduit financing provider, prior to the Authority's regular meeting (the "Meeting") of its board of directors (the "Board") at which Meeting the Board will consider the authorization of conduit revenue obligations (the "Obligations") as identified below.

1. Name of Borrower: CREDO HIGH SCHOOL
2. Authority Meeting Date: 4/24/18
3. Name of Obligations: SERIES 2018A, SERIES 2018B
4.  Private Placement Lender or Bond Purchaser,  Underwriter or  Financial Advisor (mark one) engaged by the Borrower provided the Borrower with the required good faith estimates relating to the Obligations [as follows / attached as Schedule A]:
  - [(A) The true interest cost of the Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for Obligations (to the nearest ten-thousandth of one percent): 6.823%.
  - [(B) The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: \$400,000.
  - [(C) The amount of proceeds received by the public body for sale of the Obligations less the finance charge of the Obligations described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Obligations: \$5,608,671.
  - [(D) The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Obligations plus the finance charge of the Obligations described in subparagraph (B) not paid with the proceeds of the Obligations (which total payment amount shall be calculated to the final maturity of the Obligations): \$15,259,564.]
5. The good faith estimates [provided above / attached as Schedule A] were  presented to the governing board of the Borrower, or  presented to the official or officials or committee designated by the governing board of the Borrower to obligate the Borrower in connection with the Obligations or, in the absence of a governing board,  presented to the official or officials of the Borrower having authority to obligate the Borrower in connection with the Obligations (mark one).

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount

of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to a variety of factors. The actual interest rates borne by the Obligations and the actual amortization of the Obligations will depend on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Borrower.

The Authority is authorized to make this document available to the public at the Meeting of the Authority.

Dated: April 24, 2018



CALIFORNIA  
PUBLIC  
FINANCE  
AUTHORITY

**DATE:** APRIL 24, 2018

**APPLICANT:** RELIANT – VALLEY, LP

**AMOUNT:** UP TO \$80,000,000 IN REVENUE NOTES

**PURPOSE:** FINANCING OF FOUR MULTIFAMILY RENTAL HOUSING PROJECTS

**PRIMARY ACTIVITY:** AFFORDABLE HOUSING

**Background:**

Reliant – Valley, LP (the "Borrower") has requested that CalPFA issue revenue notes to assist in the acquisition, rehabilitation and development of the Valley Portfolio (the "Project"), which includes four apartment buildings:

- Plaza Senior Apartments is a 161 unit building located at 555 North G Street in San Bernardino
- Greenery Apartments is a 95 unit building located at 505 W. Cross Street in Woodland
- Bigby Villas Apartments is a 180 unit building located at 1329 E. Revered Chester Riggins Avenue in Fresno
- Westgate Gardens Apartments is a 100 unit building located at 830 E. Belgravia Avenue in Fresno

The Project application was filed on November 1, 2017, induced on November 7, 2017, and received an allocation of tax exempt bonds on March 21, 2018.

**Description of Proposed Project:**

The Borrower is requesting CalPFA to issue and deliver multifamily housing revenue notes in an amount not to exceed \$80,000,000 (the "Notes") to finance the acquisition, rehabilitation and development of the Project. The Project will continue to provide 536 units to low-income families and seniors in Fresno, San Bernardino, and Woodland, California.

The four properties will undergo an extensive rehabilitation, averaging \$42,000 per unit. The renovation work is expected to take 8 months to complete and will be done with tenants in place. The renovation scope will focus on curbing all deferred maintenance, updating 100% of the unit interiors, improving curb appeal, reducing operating and utility costs, and ensuring the longevity of the assets well beyond the 15-year tax credit compliance period. Renovation will include: new roofs, energy efficient sliders, renovation of community room and laundry room, upgraded energy efficient lighting fixtures, full exterior paint, landscaping, new signage, and improved community space. The interior of units will get new cabinets, countertops, and flooring in bathrooms and kitchens, and energy efficient appliances and lighting throughout.

**TEFRA Information:**

TEFRA hearings were held and approved by:

- City of San Bernardino, January 3, 2018
- City of Fresno, January 11, 2018
- City of Woodland, January 16, 2018
- Kings County, January 30, 2018

**Financing Structure:**

The construction Notes will be privately placed and mature in no more than 30 months. The financing will then convert to permanent financing for 30 years. Interest will be fixed and is expected to be around 4.44%. The proposed financing is in accordance with the Authority's issuance guidelines.

**Estimated Sources and Uses:**

Sources:

Bond Proceeds	\$76,290,000
Developer Equity	\$960,291
Cash Flow	\$1,340,517
LIHTC Equity	<u>\$34,261,960</u>
Total Sources:	\$112,852,768

Uses:

Land Acquisition Cost	\$4,201,696
Building Acquisition Cost	\$55,548,304
Hard Construction Costs	\$29,164,616
Cost of Issuance	\$152,492
Interest Expense	\$4,684,066
Developer Fee	\$13,022,140
Reserves	\$1,869,754
Financing Costs	\$2,158,385
<u>Other Soft Costs</u>	<u>\$2,051,315</u>
Total Costs:	\$112,852,768

**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 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

### Public Benefits:

- 100% of the Project's units will remain income and rent restricted
  - 374 units at 50% AMI
  - 156 units at 60% AMI
  - 6 manager's units
- The Project will remain income and rent restricted for at least 55 years
- Site Amenities
  - Plaza Senior is located within a Public Transit Corridor, within ½ mile of a grocery store, within ½ mile of a public school, within a mile of a hospital, and within ½ mile of a public library
  - The Greenery is located The Project is located within a Public Transit Corridor, within ½ mile of a grocery store, within ½ mile of a public park, within a mile of a hospital, and within ½ mile of a public school
  - Bigby Villas is located within a Public Transit Corridor, within ½ mile of a grocery store, within ½ mile of a public park, and within ½ mile of a public school
  - Westgate is located within a Public Transit Corridor, within ½ mile of a public park, and within ½ mile of a public school, and within ½ mile of a public library

## RESOLUTION NO. 18-02A

**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 \$80,000,000 FOR THE FINANCING OF MULTIFAMILY RENTAL HOUSING PROJECTS COLLECTIVELY TO BE KNOWN AS THE VALLEY PORTFOLIO; 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**, Reliant – Valley, LP, 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 (Valley Portfolio) 2018 Series C (the “Note”) and issue its California Public Finance Authority Multifamily Housing Revenue Bonds (Valley Portfolio) 2018 Subordinate Series C (the “Subordinate Bonds”) and together with the Note, the “Obligations”) to assist in the financing of the acquisition, rehabilitation and development of (i) a 161-unit multifamily residential project located in the City and County of San Bernardino, known or to be known as Pioneer Park Plaza Senior Apartments (the “Pioneer Park Plaza Senior Apartments”), (ii) a 95-unit multifamily residential project located in the City of Woodland, Yolo County, known or to be known as The Greenery Apartments (the “Greenery Apartments”), (iii) a 180-unit multifamily residential project located in the City and County of Fresno, known or to be known as Bigby Villas Apartments (the “Bigby Villas Apartments”), and (iv) a 100-unit multifamily residential project located in the City and County of Fresno, known or to be known as Westgate Gardens Apartments (the “Westgate Gardens Apartments”), collectively the projects shall be known as the Valley Portfolio (the “Project”);

**WHEREAS**, on March 21, 2018, the Authority received allocations from the California Debt Limit Allocation Committee (“CDLAC”) in the amounts of (i) \$22,500,000 in connection with the Pioneer Park Plaza Senior Apartments; (ii) \$13,000,000 in connection with the Greenery Apartments; (iii) \$24,860,000 in connection with the Bigby Villas Apartments; and (iv) \$11,000,000 in connection with the Westgate Gardens Apartments (collectively, the “Allocation Amount”);



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

**WHEREAS**, the Authority is willing to execute and deliver the Obligations in an aggregate principal amount not to exceed \$80,000,000, provided that the portion of such Obligations executed and delivered as federally tax-exempt obligations shall not exceed the Allocation Amount, and to loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low and very low income persons;

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

**WHEREAS**, the Subordinate Bonds will be privately placed with Reliant CAP VIII, LLC, a California limited liability company, or an affiliate thereof (the "Subordinate Bonds Purchaser"), as the initial purchaser of the Subordinate Bonds, in accordance with the Authority's private placement policy;

**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, execution and delivery of the Obligations, and such documents are now in substantial form and appropriate instruments to be executed and delivered for the purposes intended:

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

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

(3) A form of Regulatory Agreement and Declaration of Restrictive Covenants relating to each of the four projects comprising the Project (collectively, the "Regulatory Agreement"), to be entered into among the Borrower, the Authority and Wilmington Trust, National Association, as trustee for the Subordinate Bonds (the "Subordinate Bonds Trustee");

(4) Indenture of Trust (the "Subordinate Indenture"), to be entered into between the Authority and the Subordinate Bonds Trustee, relating to the Subordinate Bonds; and

(5) Financing Agreement (the "Subordinate Financing Agreement"), to be entered into among the Authority, the Subordinate Bonds Trustee and the Borrower, relating to the Subordinate Bonds.

**WHEREAS**, pursuant to Section 5852.1 of the California Government Code, the Authority, as a conduit financing provider, has received certain representations and good faith

estimates from the Borrower and has disclosed such good faith estimates as set forth on Exhibit A attached hereto;

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

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

Section 2. Pursuant to the JPA Law and the Funding Loan Agreement, and in accordance with the Housing Law, the Authority is hereby authorized to execute and deliver the Note in one or more series. The Note shall be designated as “California Public Finance Authority Multifamily Housing Revenue Note (Valley Portfolio) 2018 Series C” 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 \$80,000,000; provided that the aggregate principal amount of any tax-exempt Obligations executed and delivered shall not exceed the Allocation Amount. The Note shall be executed and delivered and the Subordinate Bonds shall be issued in the form set forth in and otherwise in accordance with the Funding Loan Agreement and the Subordinate Indenture, respectively, 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 and the Subordinate Bonds shall be secured in accordance with the terms of the Funding Loan Agreement and the Subordinate Indenture, respectively, 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 and the Subordinate Bonds shall be made solely from amounts pledged thereto under the Funding Loan Agreement and the Subordinate Indenture, and the Obligations shall not be deemed to constitute a debt or liability of the Authority or any Member of the Authority or any Director of the Board of the Authority (each, a “Director”).

Section 3. The Funding Loan Agreement in the form presented at this meeting is hereby approved. Any Director, including any such Director acting as an officer of the Board, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 17-01C of the Governmental Lender, adopted on April 25, 2017) (together with the Directors including any such Director acting as an officer of the Board, each such person is referred to herein individually as an “Authorized Signatory”), acting alone, is authorized to execute by manual signature and deliver the Funding Loan Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond May 1, 2063), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of prepayment and other terms of the Note shall be as provided in the Funding Loan Agreement as finally executed.

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

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

Section 6. The Subordinate Indenture 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 Subordinate 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 date, maturity date or dates (which shall not extend beyond May 1, 2063), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Subordinate Bonds shall be as provided in the Subordinate Indenture as finally executed.

Section 7. The Subordinate 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 Subordinate 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 8. The Authority is hereby authorized to execute and deliver the Note to the Funding Lender pursuant to the terms and conditions of the Funding Loan Agreement.

Section 9. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the execution and delivery of the Note are hereby approved, ratified and confirmed, and any Authorized Signatory, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to a tax certificate, loan related documents, an assignment of deed of trust, a termination of regulatory agreement, an endorsement, allonge or assignment of any note and such other documents as described in the Funding Loan Agreement and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful execution and delivery of the Note and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the Authority and otherwise in order to carry out the financing of the Project.

Section 10. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the execution and delivery of the Note, including without limitation any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project, any addition or substitution of security for the Note or any prepayment of the Note, may be given or taken by any Authorized Signatory, as appropriate, without further authorization by the Board, and each such officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action that such officer may deem necessary or desirable to further the purposes of this Resolution and the financing of the Project; provided such action shall not create any obligation or liability of the Authority other than as provided in the Funding Loan Agreement and other documents approved herein.

Section 11. This Resolution shall take effect upon its adoption.

[Remainder of Page Intentionally Left Blank]

**PASSED AND ADOPTED** by the California Public Finance Authority this April 24, 2018.

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 April 24, 2018.

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

**EXHIBIT A**

## PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the borrower (the "Borrower") identified below has provided the following required information to the California Public Financing Authority (the "Authority") as conduit financing provider, prior to the Authority's regular meeting (the "Meeting") of its board of directors (the "Board") at which Meeting the Board will consider the authorization of conduit revenue obligations (the "Obligations") as identified below.

1. Name of Borrower: Reliant – Valley, LP.
2. Authority Meeting Date: April 24, 2018.
3. Name of Obligations: 2018 Series C.
4.  Private Placement Lender or Bond Purchaser,  Underwriter,  Borrower or  Financial Advisor (mark one) engaged by the Borrower provided the Borrower with the required good faith estimates relating to the Obligations [as follows / attached as Schedule A]:
  - [(A) The true interest cost of the Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for Obligations (to the nearest ten-thousandth of one percent): estimated at 4.95%.
  - (B) The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: estimated at \$2,100,000.
  - (C) The amount of proceeds received by the public body for sale of the Obligations less the finance charge of the Obligations described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Obligations: estimated at \$71,360,000.
  - (D) The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Obligations plus the finance charge of the Obligations described in subparagraph (B) not paid with the proceeds of the Obligations (which total payment amount shall be calculated to the final maturity of the Obligations): estimated at \$4,600,000.
5. The good faith estimates [provided above / attached as Schedule A] were  presented to the governing board of the Borrower, or  presented to the official or officials or committee designated by the governing board of the Borrower to obligate the Borrower in connection with the Obligations or, in the absence of a governing board,  presented to the official or officials of the Borrower having authority to obligate the Borrower in connection with the Obligations (mark one).

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to a variety of factors. The actual interest rates borne by the Obligations and the actual amortization of the Obligations will depend on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Borrower.

The Authority is authorized to make this document available to the public at the Meeting of the Authority.

Dated: April 24, 2018



# **California Public Finance Authority**

Hanford, California

## **Financial Statements and Supplementary Information**

Year Ended June 30, 2017



## **Independent Auditor's Report**

Board of Directors of  
California Public Finance Authority  
Hanford, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of California Public Finance Authority, which comprise the statement of net position as of June 30, 2017, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Public Finance Authority as of June 30, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.



**Other Matter - Required Supplementary Information**

Accounting principles generally accepted in the United States require that the management's discussion and analysis on page 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Wipfli LLP*

Wipfli LLP  
Madison, Wisconsin

April 10, 2018

## California Public Finance Authority

### Management's Discussion and Analysis (Unaudited) June 30, 2017

As management of the California Public Finance Authority ("CalPFA" or the "Authority"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2017 and the period May 12, 2015 (inception) to June 30, 2016.

CalPFA is a political subdivision of the State of California established under the Joint Exercise of Powers Act for the purpose of issuing tax-exempt and taxable conduit bonds for public and private entities throughout California. CalPFA was created by Kings County and the Housing Authority of Kings County, California in May 2015.

The Authority's financings consist of conduit finance issuer transactions. Conduit debt obligations issued through CalPFA are those of the governments, nonprofit organizations, and private companies who are the borrower when the Authority issues conduit bonds under its own governmental status in the tax-exempt and taxable municipal finance marketplace.

CalPFA was established by local governments, for local governments, to provide a means to efficiently and reliably finance projects on behalf of local governments in California. CalPFA is empowered to promote economic, cultural, and community development opportunities that create temporary and permanent jobs, affordable housing, community infrastructure and improve the overall quality of life in local communities.

Although cities, counties, and special districts are able to issue their own debt obligations or serve as a conduit issuer of private activity bonds that promote economic development and provide critical community services, many local agencies find stand-alone financing too costly or lack the necessary resources or experience to facilitate the bond issuance and perform post-issuance activities for the term of the bonds.

#### **Financial Highlights**

For the year ended June 30, 2017, the Authority issued a total of 13 conduit revenue bonds totaling \$346 million. For the period May 12, 2015 to June 30, 2016, the Authority issued a total of four conduit revenue bonds totaling \$183 million. As of June 30, 2017 and June 30, 2016, the total amount of CalPFA conduit debt obligations outstanding issued on behalf of program participants totaled \$528 million and \$183 million.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to CalPFA's financial statements. The financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

#### **Analysis of the Financial Statements**

The Statement of Net Position provides information about the nature and amount of investment in resources (assets) and the obligations (liabilities) of the Authority, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

**Table 1**  
**Condensed Statement of Net Position**

	June 30, 2017	June 30, 2016
Total current assets	\$ 649,500	\$ 765,848
Total assets	649,500	765,848
Total current liabilities	472,872	750,296
Total liabilities	472,872	750,296
Net position:		
Restricted	229,237	61,287
Unrestricted	(52,609)	(45,735)
Total net position	\$ 176,628	\$ 15,552

Assets reported by CalPFA at June 30, 2017 and 2016, consist of cash and cash equivalents received from bond issuance and bond administration fee payments, borrower deposits, deposits held for housing projects submitted to The California Debt Limit Advisory Commission ("CDLAC"), bond administration fees receivable, and restricted cash held in reserve accounts to be used to pay specific expenses of the Authority. Current liabilities are comprised of amounts payable to the Authority's program administrator, GPM Municipal Advisors, LLC (the "Program Administrator"), per the provisions of the Master Services Agreement (Note 4), in reimbursement of costs incurred by the Program Administrator on the Authority's behalf and the annual municipal advisor fee, amounts payable to legal counsel for formation and initial organization related work, unearned revenue related to pending bond issues and deposits held for CDLAC. At June 30, 2017 and 2016, total payables to the Program Administrator were \$29,858 and \$19,858, and total unearned revenue was \$50,847 and \$40,000.

The Statement of Revenues, Expenses and Changes in Net Position show how the Authority's net position changed during the year ended June 30, 2017 and the period May 12, 2015 to June 30, 2016 and accounts for all of the period's revenues and expenses. Note that the comparative period is greater than one year in length.

**Table 2**  
**Condensed Statement of Change in Net Position**

	Year Ended June 30, 2017	May 12, 2015 to June 30, 2016
Total revenues	\$ 492,747	\$ 163,948
Conduit debt expenses	332,774	148,470
Operating income	159,973	15,478
Interest income	1,103	74
Change in net position	161,076	15,552
Beginning net position	15,552	-
Ending net position	\$ 176,628	\$ 15,552

Revenues are comprised of bond issuance and bond administration fees earned by the Authority. Issuance fees are amounts charged to borrowers by CalPFA to issue conduit revenue bonds. The Authority contracts program management services to the Program Administrator. The Program Administrator invoices the borrower in advance for bond issuance fees for conduit issuance services and then places the payment on deposit in trust with nationally-recognized banking institutions. Once the bonds are issued, the trustee distributes payments for services directly to the Program Administrator and the Authority's sponsors, and the deposits become revenue.

Bond Administration fees are amounts assessed by the Program Administrator for the performance of ongoing administration and compliance work to help keep long-term bond issues in good standing. Bond administration fees are generally paid semi-annually in arrears by the borrower and are remitted into a trust account with a nationally-recognized bank. For the year ended June 30, 2017 and the period May 12, 2015 to June 30, 2016, the amount of administration fees earned was \$64,007 and \$8,198.

The Authority's operating expenses are comprised of sponsor fees and professional service fees.

The Statement of Cash Flows provides information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operating, noncapital financing, capital and related financing, and investing activities.

#### **Currently Known Facts and Economic Factors**

The Authority expects revenues to grow in fiscal year 2018 as it leverages its years of experience in tax-exempt private activity and municipal finance to benefit local communities. The local economy has remained strong and California's population continues to grow. This growth, coupled with historically low interest rates put the Authority in a position to achieve growth in the upcoming year.

#### **Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

California Public Finance Authority  
1400 West Lacey Boulevard, Building 1  
Hanford, California 93230

# California Public Finance Authority

## Statement of Net Position

June 30, 2017

### *Assets*

Current assets:

Unrestricted cash and cash equivalents	\$	50,999
Restricted cash and cash equivalents		224,402
Restricted cash and cash equivalents-CDLAC		363,816
Unbilled administration fees		10,283

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Total assets	\$	649,500
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### *Liabilities and Net Position*

Current liabilities:

Accounts payable	\$	59,054
CDLAC deposits		362,971
Unearned revenue		50,847

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Total current liabilities		472,872
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Net position:

Restricted		229,237
Unrestricted		(52,609)

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Total net position		176,628
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Total liabilities and net position	\$	649,500
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See accompanying notes to financial statements.

**California Public Finance Authority**  
**Statement of Revenues, Expenses and Change in Net Position**

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**For the Year Ended June 30, 2017**

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Bond issuance fees	\$ 428,740
Bond administration fees	64,007
<hr/>	
Total revenues	492,747
<hr/>	
Operating expenses:	
Management fees	298,747
Professional fees	29,016
Other expenses	5,011
<hr/>	
Total operating expenses	332,774
<hr/>	
Operating income	159,973
<hr/>	
Nonoperating revenues (expenses):	
Interest income	1,103
<hr/>	
Change in net position	161,076
<hr/>	
Total net position - Beginning	15,552
<hr/>	
Total net position - Ending	\$ 176,628

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See accompanying notes to financial statements.



# California Public Finance Authority

## Statement of Cash Flows

**For the Year Ended June 30, 2017**

Cash flows from operating activities:	
Cash received from customers	\$ 199,897
Cash paid to suppliers and service providers	(325,766)
<hr/>	
Net cash and cash equivalents used by operating activities	(125,869)
<hr/>	
Cash flows from investing activities:	
Interest received	1,103
<hr/>	
Net cash and cash equivalents provided by investing activities	1,103
<hr/>	
Net (decrease) in cash and cash equivalents	(124,766)
Cash and cash equivalents - Beginning of period	763,983
<hr/>	
Cash and cash equivalents - End of period	\$ 639,217

Schedule reconciling net operating income to net cash and cash equivalents provided by operating activities:

Net operating income	\$ 159,973
<hr/>	
Adjustments to reconcile net operating income to net cash and cash equivalents provided by operating activities:	
Changes in operating assets and liabilities:	
Unbilled administration fees	(8,418)
Accounts payable	7,008
CDLAC deposits	(295,279)
Unearned revenue	10,847
<hr/>	
Total adjustments	(285,842)
<hr/>	
Net cash and cash equivalents used by operating activities	\$ (125,869)

See accompanying notes to financial statements.

# California Public Finance Authority

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies**

#### **Nature of Organization**

California Public Finance Authority ("CalPFA" or "the Authority") is a political subdivision of the State of California established under the Joint Exercise of Powers Act. CalPFA is empowered to promote economic, cultural and community development opportunities through the issuance of tax-exempt and taxable bonds for public and private entities throughout California. CalPFA was created by Kings County and The Kings County Housing Authority.

CalPFA was established by local governments, for local governments, to provide a means to efficiently and reliably finance projects on behalf of local governments in California. CalPFA provides local governments and eligible private entities access to low-cost, tax-exempt and other financing for projects that contribute to social and economic growth and improve the overall quality of life in communities throughout the state.

CalPFA's governing board (the "Board") is comprised of elected Board of Supervisors of Kings County. The Board determines all of CalPFA's financing policies and procedures which includes a review and approval process for each proposed financing.

Conduit debt obligations issued through the Authority are those of the governments, non-profit organizations, and private companies who use the Authority's own governmental status to access the tax-exempt and taxable municipal finance marketplace. Once a borrower uses the Authority to issue debt, financial servicing of that debt falls to a trustee, or potentially to the investor itself in certain private placements. The Authority maintains no ongoing interest in bonds issued through its conduit and no debt servicing responsibility.

#### **Basis of Accounting**

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles as applied to an enterprise fund of a governmental unit on the accrual basis.

#### **Use of Estimates**

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenue, and expenses. Actual results may differ from these estimates and are subject to change in the near term.

#### **Cash and Cash Equivalents**

Cash equivalents are defined as short-term, highly liquid investments, which are readily convertible to cash and have remaining maturities of three months or less at the date of acquisition.

# California Public Finance Authority

## Notes to Financial Statements

### Note 1: Summary of Significant Accounting Policies (Continued)

#### Restricted Cash and Net Assets

Restricted cash and net assets represent net assets set aside for CalPFA or Program Manager purposes as required by the Authority's Services Agreement. Such funds may be disbursed for only the purposes specified in the Services Agreement. If disbursed for CalPFA purposes, authorization of the Board is required, and if disbursed for Program Manager purposes, the consent of all management service providers is required.

Certain restricted cash and cash equivalents consist of deposits received from applicants for housing projects submitted to the California Debt Limit Allocation Committee (CDLAC). Deposits are returned to the applicant or remitted to CDLAC based upon CDLAC instructions to the Authority.

#### Revenue Recognition

The Authority receives revenue from various fees. Bond issuance fees are received from bond proceeds and are recognized as revenue upon issuance of the bond. Administrative fees are invoiced to bond issuers monthly or semiannually in arrears, and recognized as revenue and receivables as earned.

CalPFA borrower fees consisted of the following for the year ended June 30, 2017:

Bond Program	Issuance Fee (up to \$20 million in bonding)	Issuance Fee (over \$20 million in bonding)	Annual Administration Fee
Affordable Housing	17.5 basis points (min \$15,000)	\$35,000 Plus 10 bps on bond amount over \$20 million	5 bps**
501(c) (3) Nonprofit ***	17.5 bps (min \$15,000)	\$35,000 plus 5 bps on bond amount over \$20 million	1.5 bps
Other exempt facilities, Airports, Solid waste	17.5 bps (min \$15,000)	\$35,000 plus 5 bps on bond amount over \$20 million	5 bps
Industrial development	\$20,000	N/A	10 bps
Taxable	15 bps (min \$20,000)	\$30,000 plus 5 bps on bond amount over \$20 million	1.5 bps
Municipal	12.5 bps (min \$7,500)	\$25,000 plus 2.5 bps on bond amount over \$20 million	1.5 bps
Public Private Partnerships	45 bps (min \$100,000)	45 bps (min \$100,000)	20 bps

\*\* Annual administration fee for affordable housing bonds assessed against outstanding bond principal on interest payment date. Minimum fee for each affordable housing project is \$5000 (a \$1000 annual compliance monitoring fee will replace the existing annual administration fee throughout the CDLAC compliance period after the qualified project period has expired).

\*\*\*501(c)(3) nonprofit healthcare financing issuance fee will be capped at \$100,000 per issuance and the annual administration fee capped at \$150,000 per issuance.

# California Public Finance Authority

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Revenue Recognition (Continued)

All bond-financed projects located within Kings County, California will receive a 25% discount from the standard fees stated above.

CalPFA shares a portion of its annual administrative fee with public agencies under its Community Benefit Program as indicated in Note 4.

#### Subsequent Events

The Authority has evaluated subsequent events through April 10, 2018, which is the date the financial statements were available to be issued.

### Note 2: Deposits and Investments

California Government Code Section 53601 permits the Authority to invest available cash balances in various investments, as outlined by the code. The Authority maintains its cash and equivalents in a money market account with a financial institution.

Custodial credit risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2017, the Authority's bank balance exceeding custodial limits was exposed to custodial credit risk.

### Note 3: Conduit Debt

Conduit debt refers to certain limited-obligation revenue bonds and notes issued by CalPFA for the express purpose of providing capital financing for a specific third party. Although the conduit debt obligations bear the name of CalPFA, CalPFA has no obligation for such debt beyond the resources provided by financing loans with third parties on whose behalf they were issued. Accordingly, the bonds and notes are not reported as liabilities in the Authority's basic financial statements. There were no conduit bonds authorized but unsold at June 30, 2017. Conduit debt activity for the year ended June 30, 2017, is summarized as follows:

Balance at June 30, 2016	\$ 182,900,000
New issuances	345,553,000
Principal repayments	386,365
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Balance at June 30, 2017	\$ 528,839,365

At June 30, 2017, there were \$716,400,000 in bonds pending but not issued.

# California Public Finance Authority

## Notes to Financial Statements

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### Note 4: Related-Party Transactions/Significant Contracts

CalPFA has entered into a Services Agreement with GPM Municipal Advisors, LLC and certain affiliates (collectively "GPM") for advisory, consulting, and project management services related to CalPFA's finance programs, including post-issuance management and compliance oversight. Acting as CalPFA's staff, GPM personnel implement the issuance policies established by the Board, present transactions to the Board for review and approval and work with the financial and legal community, local agencies and regulatory bodies, and others, to ensure that bonds issued in CalPFA's name remain in good standing. The Services Agreement expires July 6, 2025, with the option for up to three successive five year renewal periods.

Under the Services Agreement as amended, CalPFA incurred service fees to GPM of \$298,747 for the year ended June 30, 2017. At June 30, 2017, \$5,446 was payable to GPM for such services.

Under the Services Agreement as amended, CalPFA incurred consulting fees to GPM of \$10,000 for the year ended June 30, 2017. At June 30, 2017, \$20,000 was payable to GPM for such services.

The Services Agreement provides that when there are insufficient funds in the CalPFA's reserves to pay necessary operating costs, any such costs paid by GPM on behalf of CalPFA shall be repaid at such time as the reserves are sufficiently funded. During the year ended June 30, 2016, GPM paid \$9,858 of costs on behalf of CalPFA, which is due to GPM as of June 30, 2017.

In addition, the Services Agreement calls for the establishment of the following reserve funds:

*Reserve Fund* - A custody account owned by the Authority and maintained by GPM for the benefit of the Authority with a financial institution acceptable to the Authority for the purpose of payment by GPM on behalf of the Authority of legal, legislative representation, accounting, consulting, professional and other service fees incurred by GPM in connection with any Authority Programs or otherwise in connection with the service agreement, subject to authorization by the Authority. The fund receives 5% of issuance and administrative fees.

*Community Benefit Reserve Fund* - A custody account owned by the Authority and maintained by GPM for the benefit of the Authority with a financial institution acceptable to the Authority for the purpose of payment by GPM of fees to public agencies. The fund receives 10% (affordable housing, industrial development, and other facilities) or 15% (501(c)(3) non profit) of annual administrative fees collected. The program is designed to offset the cost of public services to any Authority Program over the life of the financing.

### Note 5: Restricted Assets

According to the Services Agreement, GPM is directed to deposit 5% of bond issuance and administration fees into a 'Reserve' fund. Such funds shall accumulate and be used to pay for legal, legislative representation, accounting, consulting, and other professional fees and expenses in connection with the Authority and its programs. At June 30, 2017, \$7,969, of net assets is restricted for this purpose. When the balance in the Authority Reserve fund reaches \$250,000, deposits into the fund will be suspended until such time as the balance falls below \$200,000.

# California Public Finance Authority

## Notes to Financial Statements

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### **Note 5: Restricted Assets** (Continued)

According to the Services Agreement, the Authority retains a portion of the issuance fees and administration fees received. These funds are reserved for use as directed by the CalPFA Board of Directors for the benefit of the Kings County community. Funds reserved for these purposes as of June 30, 2017 are \$212,807.

Additionally, GPM is directed to deposit a portion of bond administration fees into a Community Benefit Reserve fund. The Community Benefit Reserve fund is designed to offset the cost of public services to any Authority Program over the life of the financing. These funds are paid out to the Authority members who held required TEFRA meetings for the Authority in the process of issuing the conduit bonds. The funds are paid out annually, 45 days after fiscal year end. At June 30, 2017, \$8,461 of net assets is restricted for this purpose.