



CALIFORNIA PUBLIC FINANCE AUTHORITY

Kings County Government Center
1400 W. Lacey Boulevard
Hanford, California 93230
☎ (559) 852- 2362 FAX (559) 585-8047

Agenda

Tuesday, January 9, 2024

Place: MULTI PURPOSE ROOM, Administration Building 1, Kings County Government Center, 1400 W. Lacey Boulevard, Hanford, CA

Time: 11:00 a.m. or soon thereafter, immediately following the meeting of the Kings County Board of Supervisors

The meeting can be attended on the Internet by clicking this link:

<https://countyofkings.webex.com/countyofkings/j.php?MTID=m5a25cfb076c2062dadd7497feed084e4>

or by sending an email to bosquestions@co.kings.ca.us on the morning of the meeting for an automated email response with the WebEx meeting link information. Members of the public attending via WebEx will have the opportunity to provide public comment during the meeting. Remote WebEx participation for members of the public is provided for convenience only. In the event that the WebEx connection malfunctions or becomes unavailable for any reason, the Board of Supervisors reserves the right to conduct the meeting without remote access. *WebEx will be available for access at 10:55 a.m.*

1. CALL TO ORDER

ROLL CALL – Clerk to the Board

2. ELECTION OF OFFICERS

3. APPROVAL OF MINUTES

Approval of the minutes from the December 5, 2023 regular meeting.

4. CONSENT

- a. Consideration of approving audited CalPFA Financial statements through June 30, 2023.

5. NEW BUSINESS

- a. Consider approving resolution 24-01A, authorizing the issuance of municipal certificates in one or more classes in an aggregate principal balance not to exceed \$80,000,000 to finance the purchase by the Authority of a portfolio of securities representing subordinate interests in multifamily affordable housing securities in order to allow for the redeployment of capital for further direct or indirect investment in qualifying multi-family affordable housing projects located in the state of California. (Staff – Scott Carper)

6. 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.

7. STAFF UPDATES

8. ADJOURNMENT

Adjourn as the California Public Finance Authority.



3. APPROVAL OF MINUTES

Approval of the minutes from the December 5, 2023 regular meeting.



Action Summary

Tuesday, December 5, 2023

Place: MULTI PURPOSE ROOM, Administration Building 1, Kings County Government Center, 1400 W. Lacey Boulevard, Hanford, CA

Time: 11:00 a.m. or soon thereafter, immediately following the meeting of the Kings County Board of Supervisors

The meeting can be attended on the Internet by clicking this link:

<https://countyofkings.webex.com/countyofkings/j.php?MTID=mc44cf50333fef8456e9ec578ddd090a2>

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1. CALL TO ORDER

ROLL CALL – Clerk to the Board
ALL MEMBERS PRESENT

2. APPROVAL OF MINUTES

Approval of the minutes from the November 7, 2023 regular meeting.
ACTION: APPROVED AS PRESENTED (JN, RF, RV, RR, DV - AYE)

3. CONSENT

- a. Consideration of approving the 2024 CalPFA regular meeting calendar.
- b. Consideration of approving resolution 23-04I for FLT Telegraph, LP, City of Santa Paula, County of Ventura; up to \$55,000,000 in revenue bonds.
ACTION: APPROVED AS PRESENTED (RF, JN, RV, RR, DV - AYE)

4. NEW BUSINESS

- a. Consider approving resolution 23-06A for Sharp HealthCare, County of San Diego; up to \$1,000,000,000 in revenue bonds. (Staff – Scott Carper)
ACTION: APPROVED AS PRESENTED (RF, RV, JN, RR, DV - AYE)

5. PUBLIC COMMENT

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

6. STAFF UPDATES NONE

7. ADJOURNMENT

Adjourn as the California Public Finance Authority.



CALIFORNIA
PUBLIC
FINANCE
AUTHORITY

4. CONSENT CALENDAR

- a. Consideration of approving audited CalPFA Financial statements through June 30, 2023.

November 29, 2023

Board of Directors
California Public Finance Authority
Hanford, California

Dear Board of Directors:

We have audited the financial statements of California Public Finance Authority (the "Authority") for the year ended June 30, 2023, and have issued our report thereon dated November 27, 2023. Professional standards require that we provide you with the following information related to our audit:

Our Responsibility Under Auditing Standards Generally Accepted in the United States

As stated in our engagement letter dated July 27, 2023, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Other Information in Documents Containing Audited Financial Statements

The auditor's responsibility for other information in documents containing audited financial statements does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in a document. Our responsibility is to read the other information and consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. We have read Management's Discussion and Analysis and have found no material inconsistencies with the information appearing in the audited financial statements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our discussions about planning matters, in addition to our engagement letter dated July 27, 2023, accepted by Michael La Pierre.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. The application of existing accounting policies were not changed during the year.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of revenue recognition methodologies for each revenue stream in Note 1.
- The disclosure of related party transactions and significant contracts in Note 4.
- The disclosure of net position restrictions in Note 5.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

We proposed no audit adjustments that could, in our judgement, either individually or in the aggregate, have a significant effect on the Authority's financial reporting process.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 27, 2023, a copy of which accompanies this letter.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. To our knowledge, management has not obtained any opinions from other independent accountants on the application of accounting principles generally accepted in the United States which would affect the Authority's financial statements or on the type of opinion which may be rendered on the financial statements.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors for the preceding year. However, these discussions occurred in the normal course of our professional relationship and our responses were not, in our judgment, a condition of our retention.

Internal Control Matters

In planning and performing our audit of the financial statements of the Authority as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, significant deficiencies and material weaknesses may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We consider the following deficiency in internal control to be a significant deficiency:

Segregation of Duties (same deficiency as in 2022)

Under normal conditions, the Authority's accounting staff is assigned roles and responsibilities that provide for appropriate segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. However, certain individuals have access to modules and can process transactions, including journal entries, within the accounting system that are inconsistent with their primary responsibilities. Because review and oversight may not be sufficient to prevent or detect errors or exceptions that may arise out of this condition, this is considered a significant deficiency in internal control.

Without adequate segregation of duties, the likelihood that unauthorized or false transactions will be prevented or detected in a timely fashion is significantly diminished which may result in misstated financial statements.

We appreciate the opportunity to be of service to the Authority.

This communication is intended solely for the information and use of the Board of Directors and, if appropriate, management and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Enc.

California Public Finance Authority

Financial Statements and Supplemental Information

Years Ended June 30, 2023 and 2022



CalPFA

**CALIFORNIA
PUBLIC
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AUTHORITY**

WIPFLI

Independent Auditor's Report

Board of Directors
California Public Finance Authority
Hanford, California

Opinion

We have audited the accompanying financial statements of California Public Finance Authority as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise California Public Finance Authority's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of California Public Finance Authority as of June 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of California Public Finance Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about California Public Finance Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 California Public Finance Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about California Public Finance Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matter

Supplementary Information

Required Supplementary Information

GAAP requires that the management's discussion and analysis on pages 3–5 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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

Milwaukee, Wisconsin

November 27, 2023

California Public Finance Authority

Management's Discussion and Analysis

(Unaudited)

June 30, 2023 and 2022

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 years ended June 30, 2023 and 2022.

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, 2023, the Authority issued a total of 5 conduit revenue bonds totaling \$125 million and for the year ended June 30, 2022, the Authority issued a total of 12 conduit revenue bonds totaling \$615 million. As of June 30, 2023 and 2022, the total amount of CalPFA conduit debt obligations outstanding issued on behalf of program participants totaled \$2,396 million and \$2,346 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.

California Public Finance Authority

Management's Discussion and Analysis

(Unaudited)
June 30, 2023 and 2022

Table 1
Condensed Statement of Net Position

At June 30,	2023	2022
Total current assets	\$ 2,024,106	\$ 1,697,411
Total current liabilities	518,359	394,407
Net position:		
Restricted	1,489,995	1,282,698
Unrestricted	15,752	20,306
Total net position	\$ 1,505,747	\$ 1,303,004

Assets reported by CalPFA at June 30, 2023 and 2022, 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), amounts payable to legal counsel, amounts payable to local communities, and unearned revenue related to pending bond issues and deposits held for CDLAC. At June 30, 2023 and 2022, total payables to the Program Administrator were \$71,135 and \$77,578, and total unearned revenue was \$154,431 and \$141,897.

The statement of revenues, expenses and changes in net position show how the Authority's net position changed during the years ended June 30, 2023 and 2022, and accounts for all of the period's revenues and expenses.

Table 2
Condensed Statement of Revenues, Expenses and Changes in Net Position

Years ended June 30,	2023	2022
Total revenues	\$ 777,808	\$ 903,435
Conduit debt expenses	584,523	644,782
Operating income	193,285	258,653
Interest income	9,458	215
Change in net position	202,743	258,868
Beginning net position	1,303,004	1,044,136
Ending net position	\$ 1,505,747	\$ 1,303,004

California Public Finance Authority

Management's Discussion and Analysis

(Unaudited)

June 30, 2023 and 2022

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 from the Program Administrator. The Authority 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 Authority 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, 2023 and 2022, the amount of administration fees earned was \$605,837 and \$521,806.

The Authority's operating expenses are comprised of management 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 remain consistent with past years as it leverages its years of experience in tax-exempt private activity and municipal finance to benefit local communities.

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

Statements of Net Position

At June 30,	2023	2022
Assets		
Current assets:		
Unrestricted cash and cash equivalents	\$ 187,521	\$ 191,909
Restricted cash and cash equivalents	1,521,388	1,307,733
Restricted cash and cash equivalents - CDLAC	214,608	108,836
Unbilled administration fees	100,589	88,933
Total assets	\$ 2,024,106	\$ 1,697,411
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 71,135	\$ 77,578
Accounts payable - from restricted assets	78,185	66,096
CDLAC deposits	214,608	108,836
Unearned revenue	154,431	141,897
Total current liabilities	518,359	394,407
Net position:		
Restricted	1,489,995	1,282,698
Unrestricted	15,752	20,306
Total net position	1,505,747	1,303,004
Total liabilities and net position	\$ 2,024,106	\$ 1,697,411

See accompanying notes to financial statements.

California Public Finance Authority

Statements of Revenues, Expenses, and Change in Net Position

For the Years Ended June 30,	2023	2022
Bond issuance fees	\$ 171,971	\$ 381,629
Bond administration fees	605,837	521,806
Total revenues	777,808	903,435
Operating expenses:		
Management fees	501,078	574,645
Professional fees	73,995	64,964
Other expenses	9,450	5,173
Total operating expenses	584,523	644,782
Operating income	193,285	258,653
Nonoperating revenues:		
Interest income	9,458	215
Change in net position	202,743	258,868
Total net position - Beginning	1,303,004	1,044,136
Total net position - Ending	\$ 1,505,747	\$ 1,303,004

See accompanying notes to financial statements.

California Public Finance Authority

Statements of Cash Flows

For the Years Ended June 30,	2023	2022
Cash flows from operating activities:		
Cash received from customers	\$ 884,458	\$ 157,898
Cash paid to suppliers and service providers	(578,877)	(602,803)
Net cash and cash equivalents provided by (used in) operating activities	305,581	(444,905)
Cash flows from investing activities:		
Interest received	9,458	215
Net cash and cash equivalents provided by investing activities	9,458	215
Net increase (decrease) in cash and cash equivalents	315,039	(444,690)
Cash and cash equivalents - Beginning of period	1,608,478	2,053,168
Cash and cash equivalents - End of period	\$ 1,923,517	\$ 1,608,478
Schedule reconciling operating income to net cash and cash equivalents from operating activities:		
Operating income	\$ 193,285	\$ 258,653
Adjustments to reconcile operating income to net cash and cash equivalents provided by operating activities:		
Changes in operating assets and liabilities:		
Unbilled administration fees	(11,656)	(26,575)
Accounts payable	5,646	41,979
CDLAC deposits	105,772	(672,457)
Unearned revenue	12,534	(46,505)
Total adjustments	112,296	(703,558)
Net cash and cash equivalents provided (used) by operating activities	\$ 305,581	\$ (444,905)

See accompanying notes to financial statements.

California Public Finance Authority

Notes to Financial Statements

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, California 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 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 and Management Focus

These basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (standards and interpretations), constitute GAAP for governmental units. GAAP also includes guidance from the American Institute of Certified Public Accountants in the publication entitled State and Local Governments. The more significant of the Authority's accounting policies are described below.

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

Operating revenues result from providing services in connection with the Authority's principal ongoing operations. Operating expenses include management fees, professional fees, and other expenses. Revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

California Public Finance Authority

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the accompanying financial statements in conformity with 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.

Restricted Cash and Net Position

Restricted cash and net position represent net position set aside for CalPFA or program manager purposes as required by the Authority's Services Agreement (see Note 4). Such funds may be disbursed for only the purposes specified in the Services Agreement. Accounts payable from these restricted accounts is separately classified. 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. Funds reserved for these purposes have no impact on net position.

California Public Finance Authority

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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 bonds. Administrative fees are invoiced to borrowers monthly or semiannually in arrears and recognized as revenue and receivables as earned.

CalPFA borrower fees consist of the following for the year ended June 30, 2023:

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 (bps)	\$35,000 Plus 5.0 bps on bond amount over \$20 million	5.0 bps**
501(c)(3) Nonprofit ***	17.5 bps on the first \$10 million plus 5.0 bps on the amount over \$10 million	17.5 bps on the first \$10 million plus 5.0 bps on the amount over \$10 million	1.5 bps
Other exempt facilities, Airports, Solid waste	17.5 bps	\$35,000 plus 10.0 bps on bond amount over \$20 million	5.0 bps
Industrial development	\$20,000	N/A	10.0 bps
Taxable	15.0 bps	\$30,000 plus 5.0 bps on bond amount over \$20 million	1.5 bps
Municipal	12.5 bps	\$25,000 plus 2.5 bps on bond amount over \$20 million	1.5 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 \$4,000 (a \$1,000 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 \$75,000 per issuance.

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

Unearned revenue is recorded when issuance fees or administration fees are received prior to their service period. As of June 30, 2023 and 2022, unearned revenues were \$154,431 and \$141,897.

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

California Public Finance Authority

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Authority is a public entity that is exempt from federal and state taxation.

Subsequent Events

The Authority has evaluated subsequent events through November 27, 2023, which is the date the financial statements were available to be issued.

Note 2: Deposits and Investments

California Government Code Section 53601 (the Code) 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, 2023, the Authority's bank balances exceeded custodial limits by approximately \$1,623,000.

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, 2023 and 2022.

Conduit debt activity for the years ended June 30, 2023 and 2022, are summarized as follows:

Balance at June 30, 2021	\$ 1,751,871,926
New issuances	614,735,518
Principal repayments	(20,457,658)
Balance at June 30, 2022	2,346,149,786
New issuances	124,717,725
Principal repayments	(74,829,995)
Balance at June 30, 2023	\$ 2,396,037,516

At June 30, 2023, there were approximately \$969,000,000 in bonds pending but not issued.

California Public Finance Authority

Notes to Financial Statements

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, consulting, and management fees to GPM of \$506,578 and \$580,145 for the years ended June 30, 2023 and 2022. At June 30, 2023 and 2022, \$71,135 and \$77,578 was payable to GPM for such services.

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

Reserve Fund ("RF") - 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 RF receives 5% of issuance and administrative fees.

Community Benefit Reserve Fund ("CBRF") - 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 CBRF receives 10% (affordable housing, industrial development, and other facilities) or 15% (501(c)(3) non-profit) of annual administrative fees collected. The CBRF is designed to offset the cost of public services to any Authority program over the life of the financing.

Note 5: Restricted Net Position

According to the Services Agreement, GPM is directed to deposit 5% of bond issuance and administration fees into the RF (see Note 4). At June 30, 2023 and 2022, \$21,221 and \$33,060, of net position are restricted for this purpose. When the balance in the RF reaches \$250,000, deposits into the fund will be suspended until such time as the balance falls below \$200,000.

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, 2023 and 2022 are \$1,456,260 and \$1,242,036.

Additionally, GPM is directed to deposit a portion of bond administration fees into the CBRF (see Note 4). 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, 2023 and 2022, \$12,514 and \$7,602 of net position are restricted for this purpose.

California Public Finance Authority

Notes to Financial Statements

Note 5: Restricted Net Position (Continued)

Restricted net position is summarized as follows:

<i>June 30,</i>	2023	2022
Reserve Fund	\$ 21,221	\$ 33,060
Kings County Community Fund	1,456,260	1,242,036
Community Benefit Reserve Fund	12,514	7,602
Total restricted net assets	\$ 1,489,995	\$ 1,282,698



5. NEW BUSINESS

- a. Consider approving resolution 24-01A, authorizing the issuance of municipal certificates in one or more classes in an aggregate principal balance not to exceed \$80,000,000 to finance the purchase by the Authority of a portfolio of securities representing subordinate interests in multifamily affordable housing securities in order to allow for the redeployment of capital for further direct or indirect investment in qualifying multi-family affordable housing projects located in the state of California. (Staff – Scott Carper)



DATE: JANUARY 9, 2024

APPLICANT: SYSTIMA CAPITAL MANAGEMENT, LLC

AMOUNT: NTE \$80,000,000 IN MUNICIPAL CERTIFICATES

PURPOSE: FINANCE THE PURCHASE OF A PORTFOLIO OF SECURITIES REPRESENTING SUBORDINATE INTERESTS IN MULTIFAMILY AFFORDABLE HOUSING SECURITIES IN ORDER TO ALLOW FOR THE REDEPLOYMENT OF CAPITAL FOR FURTHER INVESTMENT IN MULTI-FAMILY AFFORDABLE HOUSING LOCATED IN THE STATE OF CALIFORNIA

PRIMARY ACTIVITY: AFFORDABLE HOUSING

LEGAL STRUCTURE: MULTIFAMILY AFFORDABLE HOUSING CERTIFICATES

Background:

Affordable Housing Credit Opportunities Holdings III LLC, a Delaware limited liability company (the “AHCO”), through its affiliate, Systima Capital Management, LLC, a Delaware limited liability company (“Systima”), has applied to the Authority to issue its Multifamily Affordable Housing Certificates, Series 2024-1 in an amount sufficient to finance the purchase (or securitize) by the Authority from the AHCO of a portfolio of securities (the “Portfolio Securities”) representing subordinate interests in tax-exempt multifamily affordable housing securities in order to allow for the redeployment by the AHCO and/or its affiliates of capital for further investment in multi-family affordable housing developments located inside California.

Systima is an alternative investment manager focused on public purpose housing with over 10 years of experience investing in and advising the affordable housing industry. It has been an early and active participant in bringing innovative financing solutions to emerging asset classes benefiting low-income populations utilizing multiple investment funds and disparate groups of investors. Systima’s prior investing and advising work encompasses the diverse range of affordable housing including special needs populations, affordable senior housing, traditional Low-Income Housing Tax Credit properties, workforce and middle-income housing, and mixed income housing in high-cost markets. Systima also helps major financial institutions, such as the Federal Home Loan Mortgage Corporation (“Freddie Mac”) and commercial banks, transfer credit risk thereby allowing these institutions to increase their lending to the affordable housing industry.

AHCO is a \$300 million private investment fund managed by Systima that currently holds the Portfolio Securities which consist of subordinate certificates issued by Freddie Mac. Each of the Portfolio Securities is backed by a subordinate interest in a pool of tax-exempt loans (the “Underlying Loans”) that were issued to finance affordable housing projects located in California, which were originated by Freddie Mac or other institutional lenders. Debt service payments on the Underlying Loans are used to make principal and interest distributions to the holders of the Portfolio Securities.

Description of Proposed Project:

The Authority will issue Subordinate Municipal Certificates (“CalPFA Certificates”) in an amount not-to-exceed \$80,000,000 to purchase the Portfolio Securities from AHCO for a like amount in two classes: a senior class (Class B-1) and a subordinate (Class B-2). As security for the CalPFA Certificates, CalPFA will assign its rights to debt service payments on the Portfolio Assets to Wilmington Trust, National Association (“WTNA”) as Trustee. Principal and interest payments on the Underlying Loans will flow through Freddie Mac and be distributed to WTNA, as holder-of-record of the Portfolio Securities, who will, in turn, make principal and interest distributions to the Holders of the CalPFA Certificates.

Systema also proposes that the Authority designate the CalPFA Certificates as “social certificates” (more commonly known as “social bonds”) indicating that the CalPFA Certificates are being issued for a purpose – in this case, affordable housing – that provides a benefit to society in general. The “Social” designation provides an opportunity to attract certain investors who are committed to investments that help alleviate poverty or provide environmental or other societal benefits. To document the social purpose of the CalPFA Certificates, CalPFA will adopt a “Framework” for the social designation setting forth additional information concerning AHCO and Systema and providing greater detail concerning the process for identifying and selecting the Portfolio Securities and will obtain a second-party opinion from Sustainalytics, Inc. to the effect that CalPFA’s Framework satisfies the market-accepted criteria for the “social” designation. As further support for the “social” designation, AHCO will represent to CalPFA that it intends to use the proceeds from the sale of the Portfolio Securities in substantial part to make new investments in the affordable housing market.

As a result of the structure described above, the CalPFA Certificates will ultimately be secured only by subordinate interests in the Underlying Loans and, indirectly, the collateral for those loans. Accordingly, investors’ primary criterion for investing in the CalPFA Certificates and their continued monitoring of their investment is the performance of the Underlying Loans. Because of the significant number of Underlying Loans (more than 50) backing the Portfolio Securities, the monitoring and evaluation of their performance – and providing summaries and reports for the holders of the CalPFA Certificates – requires specialized expertise, these functions will be undertaken by Systema acting as “Administrator” for the Portfolio Securities.

TEFRA Information:

Certificate counsel has concluded no TEFRA hearing is required for the issuance of CalPFA Certificates since the Authority is purchasing a portfolio of existing securities and no proceeds will be used for capital improvements of the underlying assets.

Financing Structure:

CalPFA Certificates will be issued in two classes: a senior class (Class B-1) in the approximate amount of \$38.2 million and a subordinate (Class B-2) in the approximate amount of \$31.3 million. The senior Class B-1 CalPFA Certificates will be initially purchased and placed with investors by Jeffries LLC. The subordinate Class B-2 CalPFA Certificates will be issued to AHCO in partial payment of the purchase price for the Portfolio Securities. The Bonds are not expected to be rated but will be sold in accordance with the Authority’s issuance policy.

Estimated Sources and Uses (*Preliminary, subject to change*):

SOURCES

Class B-1 Certificates	38,287,955
Class B-2 Certificates	31,326,509
Discount on Class B-2 Certificates	[TBD]
Funds Contributed by Seller	[TBD]
Total Funds	69,614,464

USES

Purchase of Portfolio Securities	69,614,464
Costs of Issuance	[TBD]
Total Uses	69,614,464

Recommendations:

Based on the overall Project public benefit 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 the Certificates;
2. Approves all necessary actions and documents for the financing, including the proposed Social Bond Framework; and
3. Authorizes any member of the Board or authorized signatory to sign all necessary documents.

Attachment 1

The transaction allows the Authority to further its mission through Systima and its affiliates by allowing for the redeployment of capital for further investment in multi-family affordable housing developments located in the State of California. The CalPFA Certificates will meet the standards established by the International Capital Market Association to qualify the CalPFA Certificates as “Social Bonds,” which in turn will attract socially conscious investors.

RESOLUTION NO. 24-01A

CALIFORNIA PUBLIC FINANCE AUTHORITY

A RESOLUTION AUTHORIZING THE ISSUANCE OF MUNICIPAL CERTIFICATES IN ONE OR MORE CLASSES IN AN AGGREGATE PRINCIPAL BALANCE NOT TO EXCEED \$80,000,000 TO FINANCE THE PURCHASE BY THE AUTHORITY OF A PORTFOLIO OF SECURITIES REPRESENTING SUBORDINATE INTERESTS IN MULTIFAMILY AFFORDABLE HOUSING SECURITIES IN ORDER TO ALLOW FOR THE REDEPLOYMENT OF CAPITAL FOR FURTHER DIRECT OR INDIRECT INVESTMENT IN QUALIFYING MULTI-FAMILY AFFORDABLE HOUSING PROJECTS LOCATED IN THE STATE OF CALIFORNIA, 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 and refinancing of certain projects;

WHEREAS, Affordable Housing Credit Opportunities Holdings III LLC, a Delaware limited liability company (the “*Sponsor*”) is a leader in providing specialized impact financing solutions for affordable multi-family housing projects of social and economic importance to local communities in the United States;

WHEREAS, the Sponsor has requested that the Authority issue its Multifamily Affordable Housing Certificates, Series 2024-1, Social Certificates (the “*Series 2024-1 Certificates*”) in two classes (the “*Class B-1 Certificates*” and the “*Class B-2 Certificates*”), in an amount sufficient to finance the purchase by the Authority from the Sponsor or one or more of its affiliates (the “*Seller*”) of a portfolio of securities identified on APPENDIX A to the hereinafter-defined Class B-1 Offering Memorandum (the “*Portfolio Securities*”) representing subordinate interests in tax-exempt multifamily affordable housing securities in order to allow for the redeployment by the Seller of capital for further direct or indirect investment in qualifying multi-family housing projects located

in the State of California, and paying costs of issuance of the Series 2024-1 Certificates;

WHEREAS, the Authority will issue the Series 2024-1 Certificates pursuant to a Trust Agreement, dated as of the first day of the calendar month in which the Series 2024-1 Certificates are issued (the "**Trust Agreement**"), by and between the Authority and Wilmington Trust, National Association, a national banking association (the "**Trustee**");

WHEREAS, pursuant to a Certificate Purchase Agreement, dated the date of the sale by the Authority of the Series 2024-1 Certificates (the "**Certificate Purchase Agreement**"), by and between the Authority and Jefferies, LLC ("**Jefferies**"), Jefferies will purchase the Class B-1 Certificates for resale in a limited public offering to "Qualified Institutional Buyers" as defined in Rule 144A under the Securities Act of 1933, as amended (the "**Securities Act**") and "institutional accredited investors" as defined in Rule 501(a)(1), (2), (3), and (7) under the Securities Act;

WHEREAS, the Class B-2 Certificates will be sold directly to the Sponsor, which has represented that it is a "Qualified Institutional Buyer" as so defined;

WHEREAS, pursuant to a Portfolio Purchase Agreement, dated the date of the purchase by the Authority of the Portfolio Securities (the "**Portfolio Purchase Agreement**"), by and between the Authority and the Seller, the Authority will purchase the Portfolio Securities for the "Purchase Price" as defined in the Portfolio Purchase Agreement (herein the "**Portfolio Purchase Price**") consisting of cash derived from the proceeds of the sale of the Series 2024-1 Certificates;

WHEREAS, pursuant to an Indemnification Agreement between the Sponsor and the Authority and for the benefit of the Authority and the Issuer Indemnified Parties (as defined in the Trust Agreement), as indemnitees (the "**Indemnification Agreement**"), the Sponsor will provide indemnity to the Authority and the Issuer Indemnified Parties of a scope and nature customary and substantially similar to that required by the Authority in respect of conduit revenue bond transactions, and by this Resolution, the Board deems such arrangement to be satisfactory;

WHEREAS, the Sponsor and Jefferies have recommended and requested that the Series 2024-1 Certificates be identified as financing new and existing projects with positive social outcomes and designated by the Authority as "Social Certificates" and there has been made available to this Board in support of such designation a document titled "Social Bond Framework Related to the Purchase and Financing of Certain Portfolio Assets" (the "**Framework**"), and the Authority will receive prior to the sale of the Certificates a second-party opinion issued by Sustainalytics (the "**Sustainalytics Report**") to the effect that the use of proceeds for portfolio investments that the Sponsor has identified in the Framework, is aligned with certain International Capital Market Association's ("**ICMA**") social bond principles and contributes to addressing certain United Nations' Sustainable Development Goals; and, further, the Sponsor's representation and covenant in the Indemnification Agreement that it will use substantially all of the proceeds from the sale of the Class B-1 Certificates, and substantially all of the proceeds from its sale of the Class B-2 Certificates should they ever be sold, in a manner consistent with the Framework.

WHEREAS, pursuant to an Administration Agreement, dated as of the first day of the

calendar month in which the Series 2024-1 Certificates are issued (the "**Administration Agreement**"), by and among the Authority, the Trustee, and Systima Capital Management, LLC (the "**Administrator**"), the Administrator will provide certain services with respect to the Series 2024-1 Certificates and the Portfolio Securities as provided in the Trust Agreement and the Administration Agreement;

WHEREAS, there has been made available to this Board of Directors of the Authority (the "**Board**") a draft of a preliminary Limited Offering Memorandum to be used by Jefferies to solicit prospective investors for the Class B-1 Certificates (such offering memorandum, in the form made available, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "**Class B-1 Offering Memorandum**");

WHEREAS, the aggregate certificate balance of the Series 2024-1 Certificates will not exceed \$80,000,000;

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

- (1) a proposed form of Trust Agreement (including the proposed form of Class B-1 Certificate and Class B-2 Certificate);
- (2) a proposed form of Portfolio Purchase Agreement;
- (3) a proposed form of Indemnification Agreement;
- (4) a proposed form of Certificate Purchase Agreement;
- (5) a proposed form of the Administration Agreement;
- (6) a proposed form of the Framework; and
- (7) a proposed preliminary form of the Class B-1 Offering Memorandum.

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

Section 1. Authorization of Series 2024-1 Certificates; Terms. Pursuant to the Act and the Trust Agreement, the Authority is hereby authorized to issue certificates designated as (i) "CALIFORNIA PUBLIC FINANCE AUTHORITY MULTIFAMILY AFFORDABLE HOUSING CERTIFICATES, SERIES 2024-1 CLASS B-1 SOCIAL CERTIFICATES" and (ii) "CALIFORNIA PUBLIC FINANCE AUTHORITY MULTIFAMILY AFFORDABLE HOUSING CERTIFICATES, SERIES 2024-1 CLASS B-2 SOCIAL Certificates" in an aggregate certificate balance not to exceed \$80,000,000. The Certificates shall be issued in one or more series, as fixed rate certificates or variable rate certificates, with such other name or names of the certificates or series thereof as designated in the Trust Agreement pursuant to which the certificates will be issued, and secured in accordance with the terms of, and shall be in the form or forms set forth in, the Trust Agreement. The authorized denominations,

dated dates, maturity date or dates, interest rate or rates or methods of determining rates, interest and principal payment periods, redemption and tender provisions, interest payment dates, principal amounts, , denominations, forms, registration privileges, manner of execution, place or places of payment, tax-exempt or taxable determinations, conditions for issuance of additional certificates, covenants, and other terms of the certificates shall be as provided in the Trust Agreement, as finally executed.

Section 2. Execution of Series 2024-1 Certificates; Authorized Signatories. The Series 2024-1 Certificates 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. 21-01C of the Authority, adopted on August 31, 2021, or any other delegation resolution of the Authority (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 3. Approval of Trust Agreement. The proposed form of Trust Agreement, including the proposed forms of the Series 2024-1 Certificates, as made available to the Board of Directors, is hereby approved, subject to such changes as may be approved pursuant to Section 8, below, and the Authority is hereby authorized to undertake and perform its obligations thereunder. The assignment pursuant to the Trust Agreement of the Authority's rights, title and interest in and to the Trust Estate (as defined in the Trust Agreement) is hereby approved.

Section 4. Approval of Portfolio Purchase Agreement. The proposed form of Portfolio Purchase Agreement, as made available to the Board of Directors, is hereby approved, subject to such changes as may be approved pursuant to Section 8, below, and the Authority is hereby authorized to undertake and perform its obligations thereunder.

Section 5. Approval of Indemnification Agreement. The proposed form of Indemnification Agreement, as made available to the Board of Directors, is hereby approved, subject to such changes as may be approved pursuant to Section 8, below.

Section 6. Approval of Certificate Purchase Agreement. The proposed form of Certificate Purchase Agreement, as made available to the Board of Directors, is hereby approved, subject to such changes as may be approved pursuant to Section 8, below, and the Authority is hereby authorized to undertake and perform its obligations thereunder.

Section 7. Approval of Administration Agreement. The appointment of the Administrator and the proposed form of Administration Agreement, as made available to the Board of Directors, are hereby approved, subject to such changes as may be approved pursuant to Section 8, below, and the Authority is hereby authorized to undertake and perform its obligations thereunder.

Section 8. Execution and Delivery of Documents; Approval of Changes and Insertions. Any Authorized Signatory is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver each of the documents enumerated in Sections 3 through 7 of the within Resolutions in substantially the forms thereof made available to the Board of Directors, in

each case 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 9. Class B-1 Limited Offering Memorandum. The proposed form of the of the Preliminary Class B-1 Offering Memorandum, as made available to the Board of Directors, is hereby approved. Jefferies is hereby authorized to distribute the Official Statement in preliminary forms, to persons who may be interested in the purchase of the Series 2024-1 Certificates. Jefferies is hereby authorized to deliver the Official Statement in final form in substantially the form of the preliminary Class B-1 Offering Memorandum, to the purchasers of the Series 2024-1 Certificates.

Section 10. Approval and Adoption of Framework. The Framework, in the form made available to the Board of Directors, is hereby approved and adopted in connection with the Series 2024-1 Certificates.

Section 11. Authentication and Delivery. The Series 2024-1 Certificates, when executed as provided in Section 2, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Series 2024-1 Certificates by executing the Certificate of Authentication appearing thereon, and to deliver the Series 2024-1 Certificates, when duly executed and authenticated, to the purchaser or purchasers thereof in accordance with written instructions executed on behalf of the Authority by an Authorized Signatory which any Authorized Signatory, acting alone, is authorized and directed, for and on behalf of the Authority, to execute and deliver to the Bond Trustee. Such instructions shall provide for the delivery of the Series 2024-1 Certificates to the purchaser or purchasers thereof, upon payment of the purchase price thereof.

Section 12. Ratification of Prior Acts. All actions heretofore taken by the Chair, the Vice Chair, the Treasurer, the Secretary, 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 2024-1 Certificates and the purchase of the Portfolio Securities are hereby ratified, confirmed and approved.

Section 13. Authorization of Future Actions. 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, instruments and certificates to be executed in connection with the issuance of the Series 2024-1 Certificates and the purchase of the Portfolio Securities, 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 14. Effectiveness. The within Resolutions shall take effect from and after their adoption; provided, that no Series 2024-1 Certificates shall be issued until the Authority has received a final copy of the Sustainalytics Report in form and substance satisfactory to the Authority..

PASSED AND ADOPTED by the California Public Finance Authority this 9th day of January, 2024.

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 January 9, 2024.

By: _____
Authorized Signatory
California Public Finance Authority

EXHIBIT A

PUBLIC DISCLOSURE RELATING TO CONDUIT REVENUE OBLIGATIONS

[CalPFA to attach completed certificate prior to meeting]

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: **Systima Capital Management, LLC (Sponsor)**
2. Authority Meeting Date: **January 9, 2024**
3. Name of Obligations: **Multifamily Affordable Housing Certificates (Social Certificates)**
4. **X** 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): **6.75%**
 - (B) The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: **\$966,095**
 - (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: **\$41,765,000**
 - (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): **\$105,497,544** (*Note: includes both Class B-1 and B-2 Certificate payments*).
5. The good faith estimates provided above 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, **X** 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: January 3, 2024