

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
BOARD ACTION SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA #: 9:10 a.m.

AGENDA DATE: December 5, 2017

SUBJECT:

Public Hearing Pursuant to the Tax and Equity Fiscal Responsibility Act (TEFRA) to Consider Approval of a Resolution and Issuance of Bonds or the Execution of a Loan Transaction by the California Municipal Finance Authority in the Amount of \$10 million for Use by Turlock Christian Schools

BOARD ACTION AS FOLLOWS:

No. 2017-683

On motion of Supervisor Monteith, Seconded by Supervisor Olsen
and approved by the following vote,

Ayes: Supervisors: Olsen, Withrow, Monteith, DeMartini, and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

ATTEST: 
ELIZABETH A. KING, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT Chief Executive Office BOARD AGENDA #: 9:10 a.m.
Urgent Routine AGENDA DATE: December 5, 2017

CEO
CONCURRENCE: *pkc*

4/5 Vote Required: Yes No

SUBJECT:

Public Hearing Pursuant to the Tax and Equity Fiscal Responsibility Act (TEFRA) to Consider Approval of a Resolution and Issuance of Bonds or the Execution of a Loan Transaction by the California Municipal Finance Authority in the Amount of \$10 million for Use by Turlock Christian Schools

STAFF RECOMMENDATIONS:

1. Conduct the scheduled Public Hearing at 9:10 a.m. on December 5, 2017, to receive public comment under the requirements of the Tax and Equity Fiscal Responsibility Act (the "TEFRA") and the Internal Revenue Code of 1986, as amended, in connection with the proposed issuance of conduit revenue bonds by California Municipal Finance Authority (the "CMFA"), or the execution of a loan transaction with the CMFA, a Joint Exercise of Powers Authority ("JPA") and public entity of the State of California.

2. Adopt the attached resolution to approve the issuance bonds or the execution of a loan transaction by the CMFA, in an aggregate principal amount not to exceed \$10.0 million, for the benefit of Turlock Christian Schools, a California non-profit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, or a subsidiary or affiliate thereof (the "Borrower"), for the purpose of financing and refinancing the acquisition, renovation, improvement and equipping of educational facilities of Borrower and certain other matters related thereto as further described in the Discussion section below.

DISCUSSION:

On January 1, 2004, the CMFA was created pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California. The CMFA was formed to assist local governments, non-profit organizations and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The CMFA's representatives and its Board of Directors have considerable experience in bond financings. To date, over 275 municipalities, including Stanislaus County, have become members of CMFA.

On March 1, 2016, the Board of Supervisors authorized the Chairman of the Board of Supervisors to sign and execute a *Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority* (JPA Agreement). The JPA Agreement provides the CMFA is a public entity, separate and apart from each member executing such agreement. The debts, liabilities and obligations of the CMFA do not constitute debts, liabilities or obligations of the

Public Hearing Pursuant to the Tax and Equity Fiscal Responsibility Act (TEFRA) to Consider Approval of a Resolution and Issuance of Bonds or the Execution of a Loan Transaction by the California Municipal Finance Authority in the Amount of \$10 million for Use by Turlock Christian Schools

members executing such agreement. A copy of the executed JPA Agreement is provided as Attachment B.

On November 13, 2017, the Borrower sent correspondence to the County requesting that the CMFA serve as the municipal issuer of tax-exempt revenue bonds in an aggregate principal amount not to exceed \$10.0 million (such issuance of bonds or loan transaction of CMFA referred to as the "Loan"). The proceeds of the Loan will be used by the Borrower to:

- (a) refinance outstanding indebtedness of the Borrower, in the principal amount of approximately \$4,600,000, incurred to finance and refinance the construction, acquisition, installation, renovation, rehabilitation and improvement of real property, facilities, equipment and improvements of the Borrower's educational facilities located on its elementary school campus (the "Elementary Campus") located at 2323 Colorado Ave., Turlock, CA, 95382 (the "Existing Facilities"), located within the territorial limits of the County;
- (b) finance the construction, acquisition, installation, renovation, rehabilitation and improvement of real property, facilities, equipment and improvements for the Borrower's educational and related and ancillary facilities, including athletic facilities, all to be located at the Elementary Campus, 1619 E. Monte Vista Ave., Turlock, CA 95382, 700 E. Monte Vista Ave., Turlock, CA 95382, 3500 North Quincy Road, Denair, CA 95316 and/or 2006 E. Tuolumne Rd., Turlock, CA 95382 (together with the Existing Facilities, the "Facilities"); and
- (c) pay certain costs related to the issuance of the Loan.

The Facilities financed or refinanced with proceeds of the Loan are, or will be upon acquisition and placement in service, operated by the Borrower.

Conduit revenue bonds are issued by public agencies in California and other states, where the proceeds of the bonds are lent to for-profit or nonprofit entities to finance capital assets in accordance with the requirements of the Internal Revenue Code of 1986. Section 147(f) of the Internal Revenue Code of 1986 requires that both the governmental unit that issues the bonds (the "Issuer") and a governmental unit with jurisdiction over the location of the financed project (the "Host") approve the issuance of qualified private activity bonds. For purposes of the Borrower's project, the CMFA is the Issuer and the County is the Host.

Outside of holding the TEFRA hearing and adopting the required resolution, no other participation or activity of the County or the Board of Supervisors is required. The Loan to be issued by the CMFA will be the sole obligation of the Borrower; the County will not be liable for repayment of the Loan under any circumstances.

On November 17, 2017, the Debt Advisory Committee recommended the matter be forwarded to the Board of Supervisors for review and approval.

On November 21, 2017, the Board of Supervisors approved setting the public hearing for this matter.

Public Hearing Pursuant to the Tax and Equity Fiscal Responsibility Act (TEFRA) to Consider Approval of a Resolution and Issuance of Bonds or the Execution of a Loan Transaction by the California Municipal Finance Authority in the Amount of \$10 million for Use by Turlock Christian Schools

POLICY ISSUE:

The Board of Supervisors is asked to conduct the Public Hearing under the requirements of the TEFRA and the Internal Revenue Code of 1986, as amended. The Board of Supervisors is further asked to adopt the attached resolution (Attachment A) approving the issuance of bonds or the execution of a loan transaction by the CMFA, in an amount not to exceed \$10.0 million, for the benefit of Borrower for the purpose of financing and refinancing the Facilities.

Borrower is an independent Christian school that provides a purpose-driven college preparatory program. Should the Board of Supervisors opt not to conduct the Public Hearing, this would most likely terminate the financing for Borrower, which in turn would impact the Borrower's ability to better serve the community.

FISCAL IMPACT:

The Loan issued by the CMFA on behalf of the Borrower for the Facilities is a special limited obligation and will be the sole responsibility of the Borrower. The County will have no financial, legal, moral obligation, liability or responsibility for the Facilities or the repayment of the Loan. The Borrower's payments to the CFMA will be used to pay the principal and interest on the Loan. All financing documents with respect to the Loan will contain clear disclaimers that the Loan is not an obligation of the County or the State of California, and that the Loan is to be paid for solely from funds provided by the Borrower.

Administrative costs of staff time and publication costs associated with processing the Borrower's request to hold the public hearing will be recovered from the CMFA through a sharing of the issuance fee with the County when the bonds close. The payment to the County is anticipated to be approximately \$4,750.

BOARD OF SUPERVISORS' PRIORITY:

Approval of the staff recommendations in support of the Borrower's request for the TEFRA Public Hearing and related actions supports the Board of Supervisors' priorities of an Efficient Delivery of Public Services and Effective Partnerships by ensuring the requirements are met to support tax-exempt financing for the continuation of an independent Christian school in our community.

STAFFING IMPACT:

Existing staff of the Office of the Clerk of the Board of Supervisors, Chief Executive Office and County Counsel have and will assist in providing the necessary support for the TEFRA Hearing. There are no other staffing impacts associated with this item.

CONTACT PERSON:

Patricia Hill Thomas, Assistant Executive Officer. Telephone (209) 525-6333

Public Hearing Pursuant to the Tax and Equity Fiscal Responsibility Act (TEFRA) to Consider Approval of a Resolution and Issuance of Bonds or the Execution of a Loan Transaction by the California Municipal Finance Authority in the Amount of \$10 million for Use by Turlock Christian Schools

ATTACHMENT(S):

Attachment A – Resolution

Attachment B – JPA Agreement

Attachment A

Resolution – TEFRA Hearing Turlock Christian Schools

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
STATE OF CALIFORNIA

Date: December 5, 2017

2017-683

On motion of Supervisor Monteith Seconded by Supervisor Olsen
and approved by the following vote,

Ayes: Supervisors: Olsen, Withrow, Monteith, DeMartini and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

THE FOLLOWING RESOLUTION WAS ADOPTED:

Item # 9:10 a.m.

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
APPROVING THE ISSUANCE OF BONDS OR THE EXECUTION OF A LOAN TRANSACTION BY
THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY IN AN AGGREGATE PRINCIPAL
AMOUNT NOT TO EXCEED \$10,000,000 FOR THE PURPOSE OF FINANCING AND
REFINANCING THE ACQUISITION, RENOVATION, IMPROVEMENT AND EQUIPPING OF
EDUCATIONAL FACILITIES OF TURLOCK CHRISTIAN SCHOOLS AND CERTAIN OTHER
MATTERS RELATING THERETO**

RESOLVED, by the Board of Supervisors (the "Board") of the County of Stanislaus (the "County"), as follows:

WHEREAS, Turlock Christian Schools, a nonprofit religious corporation organized and existing under the laws of the State of California and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Borrower"), has requested that the California Municipal Finance Authority (the "Authority") sell and issue one or more series of its tax-exempt or taxable revenue bonds or enter into a loan transaction in an amount not to exceed \$10,000,000 (such issuance of bonds or loan transaction of the Authority referred to as the "Loan") and loan the proceeds thereof to Borrower, all pursuant to 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, for the purpose of providing funds to (a) refinance certain outstanding indebtedness of the Borrower, outstanding in the principal amount of approximately \$4,600,000, incurred to finance and refinance the construction, acquisition, installation, renovation, rehabilitation and improvement of real property, facilities, equipment and improvements of the Borrower's educational facilities located on its elementary school campus (the "Elementary Campus") located at 2323 Colorado Ave., Turlock, CA 95382 (the "Existing Facilities"), located within the territorial limits of the County; (b) finance the construction, acquisition, installation, renovation, rehabilitation and improvement of real property, facilities, equipment and improvements for the Borrower's educational and related and ancillary facilities, including athletic facilities, all to be located at the Elementary Campus, 1619 E. Monte Vista Ave., Turlock, CA 95382, 700 E. Monte Vista Ave., Turlock, CA 95382, 3500 North Quincy Road, Denair, CA 95316 and/or 2006 E. Tuolumne Rd., Turlock, CA 95382 (together with the Existing Facilities, the "Facilities") and (c) pay certain costs of issuance of the Loan; and

WHEREAS, the Loan must be approved by the governmental unit on behalf of which the Loan is issued and a governmental unit having jurisdiction over the territorial limits in which the Facilities are located pursuant to the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Facilities are located within the territorial limits of the County and the Board of Supervisors of the County (the "Board") is the elected legislative body of the County; and

WHEREAS, the County is a Member of the Authority; and

WHEREAS, the Authority and the Borrower have requested that the Board approve the Authority's Loan and the financing and refinancing of the Facilities with the proceeds of the Loan in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 4 of the Joint Exercise of Powers Agreement, dated as of January 1, 2004 (the "Agreement"), among certain local agencies, including the County; and

WHEREAS, a public hearing was held by the Board on this 5th day of December, 2017, at the meeting which commenced at the hour of 9:00 a.m., in the Board Chambers – Basement Level, 1010 10th Street, Modesto, California, following duly published notice thereof in a newspaper of general circulation in the County of Stanislaus, on November 21, 2017, and all persons desiring to be heard have been heard; and

WHEREAS, it is intended that this Resolution shall comply with the public approval requirements of Section 147(f) of the Code; and

WHEREAS, the Board understands that its actions in holding this public hearing and in approving this Resolution do not obligate the County in any manner for payment of the principal, interest, fees or any other costs associated with the Loan, and the Board expressly conditions its approval of this Resolution on that understanding;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Supervisors of the County of Stanislaus as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. The Board hereby approves the Authority's Loan in an aggregate principal amount not to exceed \$10,000,000 for the financing and refinancing of the Facilities, and the lending of the proceeds of the Loan to the Borrower pursuant to the Loan Agreement. It is the purpose and intent of the Board that this Resolution constitute approval of the Authority's Loan for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Facilities are or are to be located, in accordance with said Section 147(f), and (b) Section 4 of the Agreement.

Section 3. The making of the Loan shall be subject to the approval of the Authority of all financing documents relating thereto to which the Authority is a party. The County shall have no responsibility or liability whatsoever with respect to the Loan.

Section 4. The adoption of this Resolution shall not obligate the County or any department thereof to (i) provide any financing to acquire or construct the New Facilities or any refinancing of the Existing Facilities; (ii) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the acquisition, construction, rehabilitation or operation of the Facilities; (iii) make any contribution or advance any funds whatsoever to the Authority or the Borrower; or (iv) take any further action with respect to the Authority or its membership therein.

Section 5. The Loan will be paid entirely from repayments by the Borrower. Neither the full faith and credit nor the taxing power, if any, of the County, the State of California (the "State") or any other political corporation, subdivision or agency of the State is pledged to the payment of the Loan, nor shall the County, the State, or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal of, premium, if any, or interest on the Loan.

Section 6. The officers of the County are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing transaction approved hereby.

Section 7. The Clerk of the Board shall forward a certified copy of this Resolution to the Authority in care of its counsel:

Ronald E. Lee, Esq.
Jones Hall, APLC
475 Sansome Street, Suite 1700
San Francisco, CA 94111

Section 8. This Resolution shall take effect immediately upon its adoption.

ATTEST: ELIZABETH A. KING, Clerk
Stanislaus County Board of Supervisors,
State of California



Elizabeth A. King

File No.

Attachment B

JPA Agreement

**JOINT EXERCISE OF POWERS AGREEMENT
RELATING TO THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY**

THIS AGREEMENT, dated as of January 1, 2004, among the parties executing this Agreement (all such parties, except those which have withdrawn as provided herein, are referred to as the "Members" and those parties initially executing this Agreement are referred to as the "Initial Members"):

WITNESSETH

WHEREAS, pursuant to Title 1, Division 7, Chapter 5 of the California Government Code (in effect as of the date hereof and as the same may from time to time be amended or supplemented, the "Joint Exercise of Powers Act"), two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, each of the Members is a "public agency" as that term is defined in Section 6500 of the Joint Exercise of Powers Act; and

WHEREAS, each of the Members is empowered by law to promote economic, cultural and community development, including, without limitation, the promotion of opportunities for the creation or retention of employment, the stimulation of economic activity, the increase of the tax base, and the promotion of opportunities for education, cultural improvement and public health, safety and general welfare; and

WHEREAS, each of the Members may accomplish the purposes and objectives described in the preceding preamble by various means, including through making grants, loans or providing other financial assistance to governmental and nonprofit organizations; and

WHEREAS, each Member is also empowered by law to acquire and dispose of real property for a public purpose; and

WHEREAS, the Joint Exercise of Powers Act authorizes the Members to create a joint exercise of powers entity with the authority to exercise any powers common to the Members, as specified in this Agreement and to exercise the additional powers granted to it in the Joint Exercise of Powers Act and any other applicable provisions of the laws of the State of California; and

WHEREAS, a public entity established pursuant to the Joint Exercise of Powers Act is empowered to issue or execute bonds, notes, commercial paper or any other evidences of indebtedness, including leases or installment sale agreements or certificates of participation therein (herein "Bonds"), and to otherwise undertake financing programs under the Joint Exercise of Powers Act or other applicable provisions of the laws of the State of California to accomplish its public purposes; and

WHEREAS, the Members have determined to specifically authorize a public entity authorized pursuant to the Joint Exercise of Powers Act to issue Bonds pursuant to the Joint Exercise of Powers Act or other applicable provisions of the laws of the State of California; and

WHEREAS, it is the desire of the Members to use a public entity established pursuant to the Joint Exercise of Powers Act to undertake the financing and/or refinancing of projects of any nature, including, but not limited to, capital or working capital projects, insurance, liability or retirement programs or facilitating Members use of existing or new financial instruments and mechanisms; and

WHEREAS, it is further the intention of the Members that the projects undertaken will result in significant public benefits to the inhabitants of the jurisdictions of the Members; and

WHEREAS, by this Agreement, each Member desires to create and establish the "California Municipal Finance Authority" for the purposes set forth herein and to exercise the powers provided herein;

NOW, THEREFORE, the Members, for and in consideration of the mutual promises and agreements herein contained, do agree as follows:

Section 1. Purpose.

This Agreement is made pursuant to the provisions of the Joint Exercise of Powers Act. The purpose of this Agreement is to establish a public entity for the joint exercise of powers common to the Members and for the exercise of additional powers given to a joint powers entity under the Joint Powers Act or any other applicable law, including, but not limited to, the issuance of Bonds for any purpose or activity permitted under the Joint Exercise of Powers Act or any other applicable law. Such purpose will be accomplished and said power exercised in the manner hereinafter set forth.

Section 2. Term.

This Agreement shall become effective in accordance with Section 17 as of the date hereof and shall continue in full force and effect until such time as it is terminated in writing by all the Members; provided, however, that this Agreement shall not terminate or be terminated until all Bonds issued or caused to be issued by the Authority (defined below) shall no longer be outstanding under the terms of the indenture, trust agreement or other instrument pursuant to which such Bonds are issued, or unless a successor to the Authority assumes all of the Authority's debts, liabilities and obligations.

Section 3. Authority.

A. CREATION AND POWERS OF AUTHORITY.

Pursuant to the Joint Exercise of Powers Act, there is hereby created a public entity to be known as the "California Municipal Finance Authority" (the "Authority"), and said Authority shall be a public entity separate and apart from the Members. Its

debts, liabilities and obligations do not constitute debts, liabilities or obligations of any Members.

B. BOARD.

The Authority shall be administered by the Board of Directors (the "Board," or the "Directors" and each a "Director") of the California Foundation for Stronger Communities, a nonprofit public benefit corporation organized under the laws of the State of California (the "Foundation"), with each such Director serving in his or her individual capacity as a Director of the Board. The Board shall be the administering agency of this Agreement and, as such, shall be vested with the powers set forth herein, and shall administer this Agreement in accordance with the purposes and functions provided herein. The number of Directors, the appointment of Directors, alternates and successors, their respective terms of office, and all other provisions relating to the qualification and office of the Directors shall be as provided in the Articles and Bylaws of the Foundation, or by resolution of the Board adopted in accordance with the Bylaws of the Foundation.

All references in this Agreement to any Director shall be deemed to refer to and include the applicable alternate Director, if any, when so acting in place of a regularly appointed Director.

Directors may receive reasonable compensation for serving as such, and shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a Director, if the Board shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

The Foundation may be removed as administering agent hereunder and replaced at any time by amendment of this Agreement approved as provided in Section 16; provided that a successor administering agent of this Agreement has been appointed and accepted its duties and responsibilities under this Agreement.

C. OFFICERS; DUTIES; OFFICIAL BONDS.

The officers of the Authority shall be the Chair, Vice-Chair, Secretary and Treasurer (defined below). The Board, in its capacity as administering agent of this Agreement, shall elect a Chair, a Vice-Chair, and a Secretary of the Authority from among Directors to serve until such officer is re-elected or a successor to such office is elected by the Board. The Board shall appoint one or more of its officers or employees to serve as treasurer, auditor, and controller of the Authority (the "Treasurer") pursuant to Section 6505.6 of the Joint Exercise of Powers Act to serve until such officer is re-elected or a successor to such office is elected by the Board.

Subject to the applicable provisions of any resolution, indenture, trust agreement or other instrument or proceeding authorizing or securing Bonds (each such resolution, indenture, trust agreement, instrument and proceeding being herein referred to as an "Indenture") providing for a trustee or other fiscal agent, and except as may otherwise be

specified by resolution of the Board, the Treasurer is designated as the depository of the Authority to have custody of all money of the Authority, from whatever source derived and shall have the powers, duties and responsibilities specified in Sections 6505, 6505.5 and 6509.5 of the Joint Exercise of Powers Act.

The Treasurer of the Authority is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall file an official bond with the Secretary of the Authority in the amount specified by resolution of the Board but in no event less than \$1,000.

The Board shall have the power to appoint such other officers and employees as it may deem necessary and to retain independent counsel, consultants and accountants.

The Board shall have the power, by resolution, to the extent permitted by the Joint Exercise of Power Act or any other applicable law, to delegate any of its functions to one or more of the Directors or officers, employees or agents of the Authority and to cause any of said Directors, officers, employees or agents to take any actions and execute any documents or instruments for and in the name and on behalf of the Board or the Authority.

D. MEETINGS OF THE BOARD.

(1) Ralph M. Brown Act.

All meetings of the Board, including, without limitation, regular, adjourned regular, special, and adjourned special meetings shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the Government Code of the State of California), or any successor legislation hereinafter enacted (the "Brown Act").

(2) Regular Meetings.

The Board shall provide for its regular meetings; provided, however, it shall hold at least one regular meeting each year. The date, hour and place of the holding of the regular meetings shall be fixed by resolution of the Board. To the extent permitted by the Brown Act, such meetings may be held by telephone conference.

(3) Special Meetings.

Special meetings of the Board may be called in accordance with the provisions of Section 54956 of the Government Code of the State of California. To the extent permitted by the Brown Act, such meetings may be held by telephone conference.

(4) Minutes.

The Secretary of the Authority shall cause to be kept minutes of the regular, adjourned regular, special, and adjourned special meetings of the Board and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each Director.

(5) Quorum.

A majority of the Board shall constitute a quorum for the transaction of business. No action may be taken by the Board except upon the affirmative vote of a majority of the Directors constituting a quorum, except that less than a quorum may adjourn a meeting to another time and place.

E. RULES AND REGULATIONS.

The Authority may adopt, from time to time, by resolution of the Board such rules and regulations for the conduct of its meetings and affairs as may be required.

Section 4. Powers.

The Authority shall have the power, in its own name, to exercise the common powers of the Members and to exercise all additional powers given to a joint powers entity under any of the laws of the State of California, including, but not limited to, the Joint Exercise of Powers Act, for any purpose authorized under this Agreement. Such powers shall include the common powers specified in this Agreement and may be exercised in the manner and according to the method provided in this Agreement. The Authority is hereby authorized to do all acts necessary for the exercise of such power, including, but not limited to, any of all of the following: to make and enter into contracts; to employ agents and employees; to acquire, construct, provide for maintenance and operation of, or maintain and operate, any buildings, works or improvements; to acquire, hold or dispose of property wherever located; to incur debts, liabilities or obligations; to receive gifts, contributions and donations of property, funds, services, and other forms of assistance from person, firms, corporations and any governmental entity; to sue and be sued in its own name; to make grants, loans or provide other financial assistance to governmental and nonprofit organizations (e.g., the Members or the Foundation) to accomplish any of its purposes; and generally to do any and all things necessary or convenient to accomplish its purposes.

Without limiting the generality of the foregoing, the Authority may issue or cause to be issued Bonds, and pledge any property or revenues as security to the extent permitted under the Joint Exercise of Powers Act, or any other applicable provision of law; provided, however, the Authority shall not issue Bonds with respect to any project located in the jurisdiction of one or more Members unless the governing body of any such Member, or its duly authorized representative, shall approve, conditionally or unconditionally, the project, including the issuance of Bonds therefor. Such approval may be evidenced by resolution, certificate, order, report or such other means of written approval of such project as may be selected by the Member (or its authorized representative) whose approval is required. No such approval shall be required in

connection with Bonds that refund Bonds previously issued by the Authority and approved by the governing board of a Member.

The manner in which the Authority shall exercise its powers and perform its duties is and shall be subject to the restrictions upon the manner in which a California general law city could exercise such powers and perform such duties. The manner in which the Authority shall exercise its powers and perform its duties shall not be subject to any restrictions applicable to the manner in which any other public agency could exercise such powers or perform such duties, whether such agency is a party to this Agreement or not.

Section 5. Fiscal Year.

For the purposes of this Agreement, the term "Fiscal Year" shall mean the fiscal year as established from time to time by resolution of the Board, being, at the date of this Agreement, the period from July 1 to and including the following June 30, except for the first Fiscal Year which shall be the period from the date of this Agreement to June 30, 2004.

Section 6. Disposition of Assets.

At the end of the term hereof or upon the earlier termination of this Agreement as set forth in Section 2, after payment of all expenses and liabilities of the Authority, all property of the Authority both real and personal shall automatically vest in the Members in the manner and amount determined by the Board in its sole discretion and shall thereafter remain the sole property of the Members; provided, however, that any surplus money on hand shall be returned in proportion to the contributions made by the Members.

Section 7. Bonds.

From time to time the Authority shall issue Bonds, in one or more series, for the purpose of exercising its powers and raising the funds necessary to carry out its purposes under this Agreement.

The services of bond counsel, financing consultants and other consultants and advisors working on the projects and/or their financing shall be used by the Authority. The expenses of the Board shall be paid from the proceeds of the Bonds or any other unencumbered funds of the Authority available for such purpose.

Section 8. Bonds Only Limited and Special Obligations of Authority.

The Bonds, together with the interest and premium, if any, thereon, shall not be deemed to constitute a debt of any Member or pledge of the faith and credit of the Members or the Authority. The Bonds shall be only special obligations of the Authority, and the Authority shall under no circumstances be obligated to pay the Bonds except from revenues and other funds pledged therefor. Neither the Members nor the Authority shall be obligated to pay the principal of, premium, if any, or interest on the Bonds, or other costs incidental thereto, except from the revenues and funds pledged therefor, and neither the faith and credit nor the taxing power of the Members nor the faith and credit of the Authority shall be pledged to the payment of the

principal of, premium, if any, or interest on the Bonds nor shall the Members or the Authority in any manner be obligated to make any appropriation for such payment.

No covenant or agreement contained in any Bond or related document shall be deemed to be a covenant or agreement of any Director, or any officer, employee or agent of the Authority in his or her individual capacity and neither the Board of the Authority nor any Director or officer thereof executing the Bonds shall be liable personally on any Bond or be subject to any personal liability or accountability by reason of the issuance of any Bonds.

Section 9. Accounts and Reports.

All funds of the Authority shall be strictly accounted for. The Authority shall establish and maintain such funds and accounts as may be required by good accounting practice and by any provision of any Indenture (to the extent such duties are not assigned to a trustee of Bonds). The books and records of the Authority shall be open to inspection at all reasonable times by each Member.

The Treasurer of the Authority shall cause an independent audit to be made of the books of accounts and financial records of the Authority by a certified public accountant or public accountant in compliance with the provisions of Section 6505 of the Joint Exercise of Powers Act. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code of the State of California and shall conform to generally accepted auditing standards. When such an audit of accounts and records is made by a certified public accountant or public accountant, a report thereof shall be filed as a public record with each Member and also with the county auditor of each county in which a Member is located; provided, however, that to the extent permitted by law, the Authority may, instead of filing such report with each Member and such county auditor, elect to post such report as a public record electronically on a website designated by the Authority. Such report if made shall be filed within 12 months of the end of the Fiscal Year or Years under examination.

The Treasurer is hereby directed to report in writing on the first day of July, October, January, and April of each year to the Board and the Members which report shall describe the amount of money held by the Treasurer for the Authority, the amount of receipts since the last such report, and the amount paid out since the last such report (which may exclude amounts held by a trustee or other fiduciary in connection with any Bonds to the extent that such trustee or other fiduciary provided regular reports covering such amounts.)

Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants in making an audit pursuant to this Section, shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for that purpose.

In any Fiscal Year the Board may, by resolution adopted by unanimous vote, replace the annual special audit with an audit covering a two-year period.

Section 10. Funds.

Subject to the applicable provisions of any Indenture, which may provide for a trustee or other fiduciary to receive, have custody of and disburse Authority funds, the Treasurer of the Authority shall receive, have the custody of and disburse Authority funds pursuant to the accounting procedures developed under Sections 3.C and 9, and shall make the disbursements required by this Agreement or otherwise necessary to carry out any of the provisions of purposes of this Agreement.

Section 11. Notices.

Notices and other communications hereunder to the Members shall be sufficient if delivered to the clerk of the governing body of each Member; provided, however, that to the extent permitted by law, the Authority may, provide notices and other communications and postings electronically (including, without limitation, through email or by posting to a website).

Section 12. Additional Members/Withdrawal of Members.

Qualifying public agencies may be added as parties to this Agreement and become Members upon: (1) the filing by such public agency with the Authority of an executed counterpart of this Agreement, together with a copy of the resolution of the governing body of such public agency approving this Agreement and the execution and delivery hereof; and (2) adoption of a resolution of the Board approving the addition of such public agency as a Member. Upon satisfaction of such conditions, the Board shall file such executed counterpart of this Agreement as an amendment hereto, effective upon such filing.

A Member may withdraw from this Agreement upon written notice to the Board; provided, however, that no such withdrawal shall result in the dissolution of the Authority so long as any Bonds remain outstanding. Any such withdrawal shall be effective only upon receipt of the notice of withdrawal by the Board which shall acknowledge receipt of such notice of withdrawal in writing and shall file such notice as an amendment to this Agreement effective upon such filing.

Section 13. Indemnification.

To the full extent permitted by law, the Board may authorize indemnification by the Authority of any person who is or was a Director or an officer, employee of other agent of the Authority, and who was or is a party or is threatened to be made a party to a proceeding by reason of the fact that such person is or was such a Director or an officer, employee or other agent of the Authority, against expenses, including attorneys fees, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding, if such person acted in good faith in a manner such person reasonably believed to be in the best interests of the Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful and, in the case of an action by or in the right of the Authority, acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Section 14. Contributions and Advances.

Contributions or advances of public funds and of the use of personnel, equipment or property may be made to the Authority by the Members for any of the purposes of this Agreement. Payment of public funds may be made to defray the cost of any such contribution or advance. Any such advance may be made subject to repayment, and in such case shall be repaid, in the manner agreed upon by the Authority and the Member making such advance at the time of such advance. It is mutually understood and agreed to that no Member has any obligation to make advances or contributions to the Authority to provide for the costs and expenses of administration of the Authority, even though any Member may do so. The Members understand and agree that a portion of the funds of the Authority that otherwise may be allocated or distributed to the Members may instead be used to make grants, loans or provide other financial assistance to governmental units and nonprofit organizations (e.g., the Foundation) to accomplish any of the governmental unit's or nonprofit organization's purposes.

Section 15. Immunities.

All of the privileges and immunities from liabilities, exemptions from laws, ordinances and rules, and other benefits which apply to the activity of officers, agents or employees of Members when performing their respective functions within the territorial limits of their respective public agencies, shall apply to the same degree and extent to the Directors, officers, employees, agents or other representatives of the Authority while engaged in the performance of any of their functions or duties under the provisions of this Agreement.

Section 16. Amendments.

Except as provided in Section 12 above, this Agreement shall not be amended, modified, or altered, unless the negative consent of each of the Members is obtained. To obtain the negative consent of each of the Members, the following negative consent procedure shall be followed: (a) the Authority shall provide each Member with a notice at least sixty (60) days prior to the date such proposed amendment is to become effective explaining the nature of such proposed amendment and this negative consent procedure; (b) the Authority shall provide each Member who did not respond a reminder notice with a notice at least thirty (30) days prior to the date such proposed amendment is to become effective; and (c) if no Member objects to the proposed amendment in writing within sixty (60) days after the initial notice, the proposed amendment shall become effective with respect to all Members.

Section 17. Effectiveness.

This Agreement shall become effective and be in full force and effect and a legal, valid and binding obligation of each of the Members on the date that the Board shall have received from two of the Initial Members an executed counterpart of this Agreement, together with a certified copy of a resolution of the governing body of each such Initial Member approving this Agreement and the execution and delivery hereof.

Section 18. Partial Invalidity.

If any one or more of the terms, provisions, promises, covenants or conditions of this Agreement shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

Section 19. Successors.

This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto. Except to the extent expressly provided herein, no Member may assign any right or obligation hereunder without the consent of the other Members.

Section 20. Miscellaneous.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section referred to.

Wherever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

This Agreement shall be governed under the laws of the State of California.

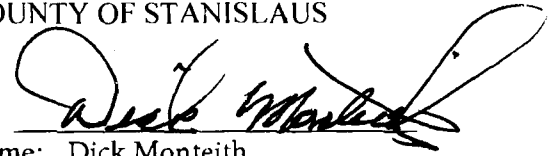
This Agreement is the complete and exclusive statement of the agreement among the Members, which supercedes and merges all prior proposals, understandings, and other agreements, whether oral, written, or implied in conduct, between and among the Members relating to the subject matter of this Agreement.

IN WITNESS WHEREOF, the County of Stanislaus has caused this Agreement to be executed and attested by its duly authorized representatives as of the 1st day of March, 2016.

Member:

COUNTY OF STANISLAUS

By



Name: Dick Monteith

Title: Chairman, Board of Supervisors

ATTEST:

By



Name: Elizabeth A. King

Title: Assistant Clerk of the Board

APPROVED AS TO FORM:
STANISLAUS COUNTY COUNSEL

BY



DATE: 2/26/2016

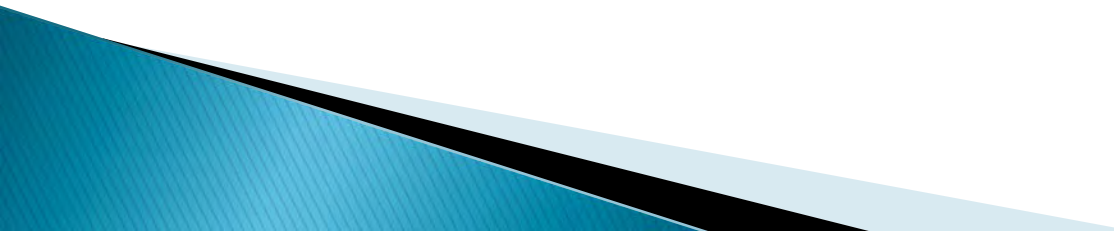
Public Hearing Pursuant to the Tax and Equity Fiscal Responsibility Act (TEFRA)

Turlock Christian Schools

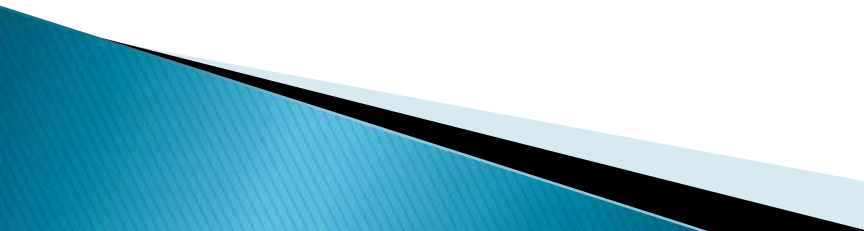
December 5, 2017



Why Are We Here?

- ▶ Turlock Christian Schools, a 501(c)(3) non profit corporation, requested the **California Municipal Finance Authority** serve as the municipal issuer of tax-exempt revenue bonds, or loan provider, in an amount not to exceed \$10 million.
 - ▶ Under the Tax and Equity Fiscal Responsibility Act (TEFRA), the governing body of the jurisdiction in which a project to be financed is located is required to hold a public hearing and approve the issuance of the bonds.
- 

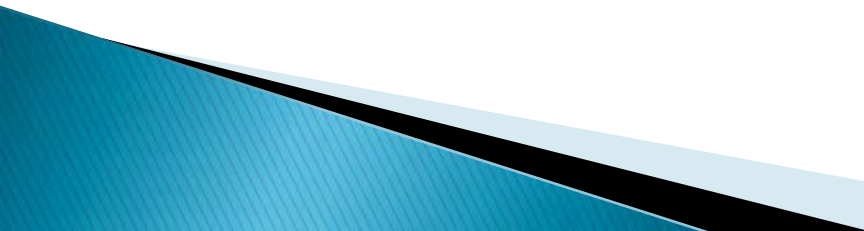
What is the California Municipal Finance Authority (CMFA)?

- ▶ Created on January 1, 2004 pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California.
 - ▶ Formed to assist local governments, non-profit organizations and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California.
 - ▶ Representatives/Board of Directors have considerable experience in bond financings.
 - ▶ Over 275 municipalities, including Stanislaus County, have become members of the CMFA.
- 


Joint Exercise of Powers Authority (JPA)

- ▶ On March 1, 2016, the Board of Supervisors authorized the Chairman to sign and execute a JPA Agreement with CMFA.
- ▶ JPA Agreement provides:
 - CMFA is a public entity, separate and apart from each member executing the JPA Agreement.
 - Debts, liabilities and obligations of the CMFA do not constitute debts, liabilities or obligations of members.
 - No costs associated with membership in the CMFA.
 - Membership will not expose the County to any financial liability.

Use of Proceeds

- ▶ Refinance outstanding indebtedness in the principal amount of approximately \$4,600,000;
 - ▶ Finance the construction, acquisition, installation, renovation, rehabilitation and improvement of real property, facilities, equipment and improvements for educational and related and ancillary facilities, including athletic facilities and the following locations;
 - 2323 Colorado Avenue, Turlock
 - 1619 E. Monte Vista Avenue, Turlock
 - 700 E. Monte Vista Avenue, Turlock
 - 3500 North Quincy Road, Denair
 - 2006 E. Tuolumne Road, Turlock
 - ▶ Pay for costs of issuance
- 

Fiscal Impact


- ▶ Any debt issued or loans transacted with the CMFA will be the *sole responsibility* of Turlock Christian Schools.
 - ▶ The County will have NO financial, legal, moral obligation, liability or responsibility for bond payments or the improvements financed by the bond proceeds.
 - ▶ Turlock Christian School's payments to the CMFA will be used to pay the principal and interest on bonds and/or loans.
 - ▶ Staff administrative costs associated with the Public Hearing will be recovered from CMFA, estimated at approximately \$4,750, through a sharing of the issuance fee.
- 

Representative Introduction

- ▶ Representatives available for questions:
 - Matt Swanson, Chairperson
Turlock Christian Schools
 - Karen Winter, Superintendent
Turlock Christian Schools
 - John Stoecker, Financial Advisor
California Municipal Finance Authority

Staff Recommendations

- ▶ Conduct the Public Hearing and receive public comment.

 - ▶ Adopt a resolution approving the issuance of tax-exempt bonds or the execution of a loan transaction by the California Municipal Finance Authority, not to exceed \$10 million, for the benefit of Turlock Christian Schools to:
 - Refinance outstanding indebtedness in the principal amount of approximately \$4,600,000;
 - Finance the construction, acquisition, installation, renovation, rehabilitation and improvement of real property, facilities, equipment and improvements for educational and related and ancillary facilities, including athletic facilities; and
 - Pay for certain costs of issuance.
- 

Conduct Public Hearing

