

**Meeting Date:** 7/16/2013

**Report Type:** Public Hearing

**Report ID:** 2013-00539

**City Council Report**  
915 I Street, 1<sup>st</sup> Floor  
[www.CityofSacramento.org](http://www.CityofSacramento.org)

**Title: Issuance of Bonds by the California Municipal Finance Authority for the Benefit of St. Francis Catholic High School (Published on 06/26/2013)**

**Location:** District 3

**Issue:** The California Municipal Finance Authority ("CMFA") cannot issue tax-exempt bonds on behalf of nonprofit organizations within the City, such as St. Francis Catholic High School, unless the City is a member. In addition, federal law requires, as a condition for CMFA's issuance of the bonds, that the City Council approve the issuance after holding a public hearing following reasonable public notice (26 U.S.C. §147). Approval will not create a City debt and bonds will be paid entirely from repayments by St. Francis Catholic High School under a loan agreement with CMFA.

**Recommendation:** 1) Conduct a public hearing on the proposed issuance of bonds by the California Municipal Finance Authority for the benefit of St. Francis Catholic High School and, upon conclusion of the hearing, 2) pass a Resolution authorizing the City to join the California Municipal Finance Authority; and 3) pass a Resolution authorizing the issuance of the bonds.

**Contact:** Colin Bettis, Treasury Analyst, (916) 808-8292; Janelle Gray, Debt Manager, (916) 808-8296, Office of the City Treasurer

**Presenter:** Colin Bettis, Treasury Analyst, (916) 808-8292, Office of the City Treasurer

**Department:** City Treasurer

**Division:** City Treasurer

**Dept ID:** 05001011

**Attachments:**

1-Description/Analysis

2-Background

3-Resolution Approving Authorizing and Directing Agreement with CMFA

4-Resolution Approving the Issuance of Revenue Bonds by the Authority

5-CMFA Fee Schedule and Policies

6-CMFA JPA Agreement- City of Sacramento

7-Proof of Publication

**City Attorney Review**

Approved as to Form  
Joseph Cerullo  
7/9/2013 11:12:37 AM

**City Treasurer Review**

Reviewed for Impact on Cash and Debt  
Russell Fehr  
7/1/2013 3:50:41 PM

**Approvals/Acknowledgements**

Department Director or Designee: Russell Fehr - 7/8/2013 4:29:30 PM

## Description/Analysis

**Issue Detail:** Through a joint-powers agency known as the California Municipal Finance Authority (“**CMFA**”), St. Francis Catholic High School of the Diocese of Sacramento Inc. (the “**Borrower**”), a California nonprofit religious corporation, is seeking bond financing in an amount not to exceed \$11,000,000 (the “**Bonds**”). The proceeds of the Bonds will be used (1) to finance the construction and equipping of a new kitchen facility and dining hall located at 5900 Elvas Avenue; (2) to refinance an existing bank loan, the proceeds of which were used to finance the acquisition and construction of a performing and fine arts complex, a library resource center, six science classrooms, a gymnasium, and administrative offices, all at 5900 Elvas Avenue (together with the kitchen and dining hall described in number 1 above, the “**Project**”); and (3) to pay certain expenses incurred in connection with the issuance of the Bonds. The Project is to be owned and operated by the Borrower.

Importantly, CMFA will be issuing Bonds, which will not be a City debt. So the City will incur no financial obligation by becoming a member of CMFA and approving the issuance.

**Policy Considerations:** This matter comes before the City Council for two reasons: first, the Project is within the City, so CMFA is not authorized to issue the Bonds unless the City becomes a member; and second, the Bonds will be tax-exempt private-activity bonds, so federal law requires that the City Council approve the issuance of the Bonds after holding a public hearing (26 U.S.C. §147(f)). CMFA, on behalf of the Borrower, represents that it is legally authorized and empowered to undertake this financing. The City Attorney’s Office reviewed the hearing notice and the attached resolutions and concluded that the City Council has the legal authority to take the recommended action.

### Environmental Considerations:

**California Environmental Quality Act (“CEQA”):** This report concerns action that does not constitute “approval” as defined by CEQA because it does not commit the City to a definite course of action in regard to the project (CEQA Guidelines section 15352).

**Economic Impact:** Not Applicable.

**Sustainability:** Not Applicable.

**Commission/Committee Action:** None.

**Rationale for Recommendation:** Because the Project is within the City, CMFA cannot issue the Bonds unless the City becomes a member of CMFA. Additionally, under federal law (26 U.S.C. §147(f)), CMFA may not issue the Bonds, which are private-activity bonds, unless the City Council approves the issuance after holding a public hearing for which reasonable public notice is given. Accordingly, it is requested that City Council hold the required public hearing regarding the issuance of the Bonds and approve the issuance of the Bonds by CMFA.

**Financial Considerations:** Becoming a member of CMFA and approving the Bonds will have no fiscal impact on the City. The Bonds will be paid entirely from repayments by St. Francis Catholic High School under a loan agreement with CMFA. Neither the full faith and credit nor the taxing power, if any, of the City will be pledged to the payment of the principal of, any premium for, or interest on the Bonds.

**Emerging Small Business Development (ESBD):** Not applicable.

## Background

### Overview

ST. FRANCIS CATHOLIC HIGH SCHOOL OF THE DIOCESE OF SACRAMENTO, INC. ("**St. Francis High School**")

St. Francis High School is a 501(c)(3) nonprofit religious preparatory high school fully accredited by the Western Association of Schools and Colleges and the Western Catholic Education Association. Established as a school for young women in 1940, St. Francis High School encourages the education of the whole person by providing high academic standards, a Christian environment for spiritual development, a full range of athletics and fine and performing arts, numerous on-campus clubs, and a variety of social events.

In May 2004, St. Francis High School entered into a taxable loan agreement for \$10,750,000. The current outstanding amount of this loan, \$7,816,301, plus a pre-payment penalty, will be refinanced as part of the proposed financing with the California Municipal Finance Authority. The 2004 loan matures with a balloon payment on May 1, 2014, and bears a fixed rate of 5.99%. There are estimated savings attributed to the refinancing at current low interest rates (most recent estimate: 2.87%), as well as easing of the payments over time. St. Francis High School has made all payments on time and has agreed to the current loan proposed to be refinanced.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY ("**CMFA**")

CMFA was created on January 1, 2004, by a joint-exercise-of-powers agreement. Its purpose is to promote economic, cultural, and community development through the financing of projects and activities throughout California. To date, over 175 municipalities have become members of CMFA.

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. CMFA's representatives and its board of directors have considerable experience in bond financings.

## **RESOLUTION NO. 2013-XXXX**

Adopted by the Sacramento City Council

July 16, 2013

### **APPROVING, AUTHORIZING, AND DIRECTING EXECUTION OF A JOINT EXERCISE OF POWERS AGREEMENT RELATING TO THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY**

#### **BACKGROUND:**

- A.** Under the Joint Exercise of Powers Act, codified as section 6500 and following of the Government Code, certain public agencies (the "**Members**") have entered into a Joint Exercise of Powers Agreement dated as of January 1, 2004 (the "**Agreement**"), to create the California Municipal Finance Authority (the "**Authority**"). The purpose of the Authority is to exercise powers common to the Members, including the power to issue bonds, notes, or other evidences of indebtedness, for the purpose of promoting economic, cultural, and community development.
- B.** The City Council has determined that it is in the public interest and for the public benefit that the City become a Member of the Authority in order to facilitate the promotion of economic, cultural, and community development activities within the City, including the financing of projects by the Authority.
- C.** The Agreement has been filed with the City Clerk, and the City Council, with the assistance of its staff, has reviewed it.

#### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

**Section 1.** The Agreement is hereby approved, and the City Manager or his designee is hereby authorized and directed to execute the Agreement with such changes as the City Manager or his designee may approve, and the City Clerk or her designee is hereby authorized and directed to attest thereto.

**Section 2.** The City Manager and his designee, the City Clerk and her designee, and all other proper officers and officials of the City are hereby authorized and directed to execute any other agreements, documents, and certificates, and to perform any other acts, as may be necessary or

convenient to effect the purposes of this resolution and the transactions it authorizes.

**Section 3.** The City Clerk shall forward a certified copy of this resolution and an original executed copy of the Agreement to the Authority in care of its bond counsel:

Ronald E. Lee, Esq.  
Jones Hall  
650 California Street, 18th Floor  
San Francisco, CA 94108

**Section 4.** This resolution takes effect immediately upon its passage.

## RESOLUTION NO. 2013-XXXX

Adopted by the Sacramento City Council

July 16, 2013

### APPROVING THE ISSUANCE OF REVENUE BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION, CONSTRUCTION, AND IMPROVEMENT OF CERTAIN FACILITIES FOR THE BENEFIT OF ST. FRANCIS CATHOLIC HIGH SCHOOL OF THE DIOCESE OF SACRAMENTO, INC.

#### BACKGROUND:

- A. The California Municipal Finance Authority (the "**Authority**") is authorized to issue and sell revenue bonds for the purpose, among others, of financing or refinancing the construction of capital projects. It was created by a Joint Exercise of Powers Agreement dated as of January 1, 2004 (the "**Agreement**").
- B. St. Francis Catholic High School of the Diocese of Sacramento, Inc., a nonprofit corporation organized under California law (the "**Borrower**"), has requested that the Authority issue and sell revenue bonds in the maximum principal amount of \$11,000,000 (the "**Bonds**") for the purpose of making a loan to the Borrower that will enable the Borrower (1) to finance the costs of constructing and equipping a new kitchen facility and dining hall located at 5900 Elvas Avenue; (2) to refinance an existing bank loan, the proceeds of which were used to finance the acquisition and construction of a performing and fine arts complex, a library resource center, six science classrooms, a gymnasium, and administrative offices, all at 5900 Elvas Avenue (together with the kitchen and dining hall described in clause (1) above, the "**Project**"); and (3) to pay certain expenses incurred in connection with the issuance of the Bonds.
- C. For the interest on the Bonds to be tax-exempt, section 147(f) of the Internal Revenue Code of 1986, as amended ( "**Section 147(f)**"), requires that "the applicable elected representative" of a "governmental unit having jurisdiction over the area in which" the facilities to be financed with the proceeds of the Bonds is located hold a public hearing on the issuance of the Bonds and approve the issuance of the Bonds following the hearing.

- D.** The Authority has determined that the City Council is “the applicable elected representative” for purposes of holding the required hearing.
- E.** The Authority has requested that the City Council approve the issuance of the Bonds by the Authority in order to satisfy the public-approval requirement of Section 147(f) and the requirements of Section 4 of the Agreement.
- F.** Notice of the public hearing has been duly given as required by the Section 147(f), and the City Council held the public hearing as noticed, giving all interested persons an opportunity to be heard on all matters relative to the financing of the Project and the Authority’s issuance of the Bonds.
- G.** It is in the public interest and for the public benefit that the City Council approve the issuance of the Bonds by the Authority for the purpose described.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

**Section 1.** The statements of fact in paragraphs A through G of the Background are true.

**Section 2.** The City Council hereby approves the issuance of the Bonds by the Authority. The City Council intends that this resolution constitute approval of the issuance of the Bonds (a) by the “applicable elected representative” of a governmental unit having jurisdiction over the area in which the Project is located, in accordance with Section 147(f); and (b) by the City Council in accordance with Section 4 of the Agreement.

**Section 3.** The issuance of the Bonds will be subject to the approval of the Authority of all related financing documents to which the Authority is a party. The City will have no responsibility or liability whatsoever with respect to the Bonds, and the City Council’s approval of the Authority’s issuance and sale of the Bonds is neither an approval of the underlying credit issues of the Project nor an approval of the financial structure of the Bonds.

**Section 4.** The adoption of this resolution does not obligate the City or any City department (a) to provide any financing for acquiring or constructing the Project or any refinancing of the Project; (b) to 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, rehabilitation, or operation of the Project; (c) to make any contribution or advance any

funds whatsoever to the Authority; or (d) to take any further action with respect to the Authority or the City's membership in the Authority.

**Section 5.** The executing officers, the City Clerk, and all other proper officers and officials of the City are hereby authorized and directed to execute any other agreements, documents, and certificates, and to perform any other acts, as may be necessary or convenient to effect the purposes of this resolution and the transactions it authorizes.

**Section 6.** The City Clerk shall forward a certified copy of this resolution to the Authority in care of its counsel:

Ronald E. Lee, Esq.  
Jones Hall  
650 California Street, 18th Floor  
San Francisco, CA 94108

**Section 7.** This resolution takes effect immediately upon its passage.

Schedule of Fees			
Type of Project	Issuance Fees		Annual Fee <sup>(3)</sup>
	\$0 - \$20 Million	Over \$20 Million	
Affordable Housing <sup>(1) (2)</sup>	18.75 bps	\$37,500 + 5 bps	5 bps
Nonprofit Corporations <sup>(1) (2)</sup>	20 bps on first \$10 million 5 bps on amounts above \$10 million Maximum Fee of \$75,000 per transaction		1.5 bps
Solid Waste Projects <sup>(1) (2)</sup>	25 bps	\$50,000 + 10 bps	5 bps
Manufacturing and Other <sup>(1) (2)</sup>	25 bps	\$50,000 + 10 bps	10 bps
Government Sponsored or School District Transactions	5 bps	5 bps	None
Public Private Partnerships requiring Ownership through a CMFA affiliate	5 bps	5 bps	1.5bps

Notes:

- 1) CMFA shares 25% of all Issuance Fees with the Host Municipality for each transaction.
- 2) CMFA donates another 25% of Issuance Fees to charitable organizations within the Host Municipality. When the borrower is a Nonprofit Corporation, it is deemed to be the recipient of this donation. The schedule of fees listed above reflects the discounted issuance fees for Affordable Housing and Nonprofit Corporation borrowers.
- 3) Annual Fees, which include compliance monitoring, are due in advance for each year and are based on bond amounts outstanding on the anniversary of each issue (not on the original issue amount). Minimum Annual Fee for Affordable Housing transactions will be \$4,000 per year. (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). Minimum Annual Fee for all other transactions will be \$500.
- 4) An application fee of \$2,500 is required for each transaction and should be included when an application is submitted. The application fee is applied to the issuance fee at closing.
- 5) In addition to the above, the Applicant will be responsible for all costs of issuance.



# CALIFORNIA MUNICIPAL FINANCE AUTHORITY

## BOND ISSUANCE POLICIES

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### **Section A: General Requirements Applicable to all Bond Financings**

1. Approval by the city, county or local agency hosting the proposed project as may be required under the Internal Revenue Code and the Joint Powers Agreement of the California Municipal Finance Authority (“CMFA”).
2. Indemnification with respect to the financing and the project provided by the applicant to CMFA in the appropriate financing documents.
3. Indemnification with respect to the issuance and sale of bonds provided by the underwriter to CMFA in the bond purchase contract.
4. CMFA’s financial advisor shall conduct a review of the financing structure and the associated public benefits.
5. CMFA’s bond counsel shall conduct a legal review of the financing documents.
6. The offering material or disclosure document shall contain language to the effect that the CMFA will take no responsibility for the disclosures contained therein (except for information under the sections titled “THE AUTHORITY” and “LITIGATION” to the extent such information pertains to CMFA);
7. For certain financings as may be determined by CMFA and its counsel, the applicant shall have its counsel deliver a 10b-5 opinion at closing. The contents of such opinion shall be to the satisfaction of CMFA and its counsel
8. CMFA, its bond counsel and financial advisor shall have the discretion to select and determine the finance team participants with respect to each transaction.

### **Section B: Requirements Applicable to Bond Financings Rated “BBB-” or Better**

1. All requirements listed in Section A.
2. Bonds may be issued and sold through a public offering, private placement or limited public offering with appropriate disclosure or offering materials.
3. Bonds may be issued in \$5,000 or such other denominations at the discretion of the applicant and approved by the CMFA.

**Section C: Requirements Applicable to Bond Financings Rated Below “BBB-” or Unrated.**

1. All requirements listed in Section A.
2. Bonds may be privately placed with purchasers that are “approved institutional buyers”.
3. The offering material or disclosure document shall prominently indicate on the cover that bonds can only be sold to approved institutional buyers.
4. The face of each bond shall contain a legend stating to the effect that such Bond can only be sold to approved institutional buyers.
5. The bond documents shall contain provisions that restrict the ability to transfer the Bonds to only approved institutional buyers.
6. Bonds may be issued and sold through a private placement or limited public offering with appropriate disclosure or offering materials.
7. Bonds may be sold in denominations of \$250,000 or greater at the discretion of the Board of Directors of CMFA (the “Board”), however,
8. Bonds may be sold in denominations of \$100,000 or greater at the discretion of the Board if all initial and subsequent purchasers execute a “traveling” sophisticated (which may or may not be a “approved institutional buyer” as generally defined under Rule 144A of the Securities Act of 1933) investor letter in form acceptable to the Board.
9. Bonds may be delivered in book-entry form or in physical form as approved by and at the discretion of the Board.

**Disclaimer:** Requirements for all bond financings are subject to the discretion of the CMFA’s Board and may be adjusted based on factors relating to the underlying transaction.

**Effective Date**

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The CMFA’s Issuance Policy as set forth herein shall be effective immediately upon its adoption.

**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 City of Sacramento has caused this Agreement to be executed and attested by its duly authorized representatives as of the \_\_\_\_ day of \_\_\_\_\_, 2013.

Member:

CITY OF SACRAMENTO

By \_\_\_\_\_

Name:

Title:

ATTEST:

\_\_\_\_\_

Clerk

THE DAILY RECORDER  
~ SINCE 1911 ~

901 H ST STE 312, SACRAMENTO, CA 95814  
Telephone (916) 444-2355 / Fax (916) 444-0636

This space for filing stamp only

PROOF OF PUBLICATION

(2015,5 C.C.P.)

State of California )  
County of SACRAMENTO ) ss

Notice Type: LEGAL1 - LEGAL NOTICE

Ad Description:  
PUBLIC HEARING

I am a citizen of the United States and a resident of the State of California; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer and publisher of the THE DAILY RECORDER, a newspaper published in the English language in the city of SACRAMENTO, county of SACRAMENTO, and adjudged a newspaper of general circulation as defined by the laws of the State of California by the Superior Court of the County of SACRAMENTO, State of California, under date 05/02/1913, Case No. 10038. That the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

06/26/2013

Executed on: 06/26/2013  
At Los Angeles, California

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

  
Signature

SC #: 2502525

NOTICE OF PUBLIC HEARING UNDER SECTION 147(F) OF THE INTERNAL REVENUE CODE OF 1986 FOR THE FINANCING OF CERTAIN FACILITIES FROM THE SALE OF TAX-EXEMPT OBLIGATIONS

At 6:00 p.m. on July 16, 2013, the Sacramento City Council will hold a public hearing on the proposed issuance of revenue bonds by the California Municipal Finance Authority in one or more series in an amount not to exceed \$11,000,000 (the "Bonds"). The public hearing is intended to comply with the public-approval requirements of section 147(f) of the Internal Revenue Code of 1986. The proceeds of the Bonds will be used to—  
· finance the construction and equipping of a new kitchen and dining hall at 5900 Elvas Avenue, Sacramento, California;  
· refinance an existing bank loan, the proceeds of which were used to finance the acquisition and construction of a performing and fine arts complex, a library resource center, six science classrooms, a gymnasium, and administrative offices, all at 5900 Elvas Avenue, Sacramento, California (together with the kitchen and dining hall described in the first bullet point, the "Project"); and  
· pay certain expenses incurred in connection with the issuance of the Bonds.

The Project is to be owned and operated by the St. Francis Catholic High School of the Diocese of Sacramento, Inc., a California nonprofit religious corporation and an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 (the "Borrower").

The Bonds will be a limited obligation of the Authority, payable solely from certain revenues the Borrower will pay to the Authority and which the Authority will duly pledge for repayment of the Bonds. The Bonds will not be an indebtedness or obligation under any constitutional or statutory debt limitation or a charge against the general credit or taxing powers of the Authority, the State of California, any political corporation or political subdivision of the state, or the City of Sacramento.

The hearing will be held in the City Council Chambers on the first floor on New City Hall, 915 I Street, Sacramento, California. Persons wishing to comment on the issuance of the Bonds or on the nature and location of the Project to be financed or refinanced with the Bonds may attend the public hearing or may submit written comments to the City Clerk's Office at the following address: Shirley Concolino, Office of the City Clerk, New City Hall, 915 I Street, 5th Floor, Sacramento, CA 95814. Written comments must be delivered to the City Clerk's Office before the start of the public hearing to be considered.  
Dated: June 26, 2013  
City of Sacramento

/s/  
Shirley Concolino, City Clerk  
6/26/13

SC-2502525#



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# The Sacramento Bee

P.O. Box 15779 • 2100 Q Street • Sacramento, CA 95852

**PECK SHAFFER & WILLIAMS LLP**  
**1801 BROADWAY #1700**  
**DENVER CO 80202**

DECLARATION OF PUBLICATION  
(C.C.P. 2015.5)

COUNTY OF SACRAMENTO  
STATE OF CALIFORNIA

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the printer and principal clerk of the publisher of The Sacramento Bee, printed and published in the City of Sacramento, County of Sacramento, State of California, daily, for which said newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Sacramento, State of California, under the date of September 26, 1994, Action No. 379071; that the notice of which the annexed is a printed copy, has been published in each issue thereof and not in any supplement thereof on the following dates, to wit:

**June 26, 2013**

I certify (or declare) under penalty of perjury that the foregoing is true and correct and that this declaration was executed at Sacramento, California, on **June 26, 2013**

  
\_\_\_\_\_  
(Signature)

NO 722 PUBLIC NOTICE

**NOTICE OF PUBLIC HEARING UNDER SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986 FOR THE FINANCING OF CERTAIN FACILITIES FROM THE SALE OF TAX-EXEMPT OBLIGATIONS**

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Dated: June 26, 2013

**City of Sacramento**

Shirley Concolino, City Clerk