

MEMORANDUM

Date: May 9, 2017

Staff Summary No. 5

To: Members, California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Re: Resolution No. 17-09 Authorizing Amendments to an Indenture and Loan Agreement each dated as of June 1, 2014, relating to the California School Finance Authority School Facility Revenue Bonds (Magnolia Science Academy-1, Reseda Project) Series 2014A and Series 2014B (Taxable) and Related Matters

Background: At its November 13, 2013 meeting, the Board approved Resolution 13-49 authorizing the issuance of bonds in an amount not to exceed \$7,000,000 to finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and equipping of educational facilities located in Los Angeles County, California. Subsequently, the bonds were sold on June 18, 2014 and the financing closed on June 26, 2014 at a total par amount of \$6,020,000.

Issue: The Borrower is requesting certain amendments to an indenture and loan agreement, each dated as of June 1, 2014 (the "Original Documents"), in connection with the outstanding California School Finance Authority School Facility Revenue Bonds (Magnolia Science Academy-1, Reseda Project) Series 2014A, originally issued in the aggregate principal amount of \$5,675,000 and School Facility Revenue Bonds (Magnolia Science Academy-1, Reseda Project) Series 2014B (Taxable), originally issued in the aggregate principal amount of \$345,000 (collectively, the "Series 2014 Bonds"). The amendments propose to amend the Original Documents to permit the Series 2014 Bonds to be included within a new obligated group financing structure to be formed in connection with the proposed issuance of the Authority's Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Draw Down Series 2017A (Tax-Exempt) and Series 2017B (Taxable) as described in Resolution No. 17-10 (the "Series 2017 Bonds"), including the issuance of an obligation under a new master indenture of trust to secure the Series 2014 Bonds; to permit the appointment of a bondholder representative for the Series 2014 Bonds, and to appoint UMB Bank, National Association, as successor bond trustee to The Bank of New York Mellon Trust Company, N.A., and to make certain other changes. The consent of the requisite holders of the Series 2014 Bonds currently outstanding will be obtained. The amendments would be expected to take effect at approximately the same time as the issuance of the Series 2017 Bonds.

Recommendation: Staff recommends CSFA approve Resolution 17-09 Authorizing Amendments to an Indenture and Loan Agreement each dated as of June 1, 2014, relating to the California School Finance Authority School Facility Revenue Bonds (Magnolia Science Academy-1, Reseda Project) Series 2014A and Series 2014B (Taxable) and Related Matters.