

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

**REGULAR MEETING
TELECONFERENCE MEETING NOTICE and AGENDA
LOCATIONS LISTED BELOW**

10:30 A.M.

Thursday, June 4, 2015

Teleconference Phone Information

(712) 775-7031 - Conference Code: 895081223

**Call to Order and Roll Call
Statement of Disclosure**

Action Item

1. Approve Resolution 15-84 of the California Enterprise Development Authority (“Authority”) Authorizing and Approving a Master Loan Agreement with First Republic Bank and Live Oak, a Learning Center for Children, Doing Business as Live Oak School (“Live Oak School”), Pursuant to Which the Authority Will Make One or More Loans in an Aggregate Amount Not to Exceed \$10,000,000 for the Purpose of Refinancing Certain Obligations Issued by the Authority for the Benefit of Live Oak School, and Financing Additional Property Improvements for the Benefit of Live Oak School.

Public Comment

Chair Report

PACE Report

Other Business

Adjournment

Members of CEDA and members of the public may access this meeting at the following locations:

California Association for Local
Economic Development
550 Bercut Drive, Suite G
Sacramento, CA 95811

City of Eureka City Hall
531 K Street
Eureka, CA 95501

Economic Development Collaborative-
Ventura County
1601 Carmen Drive, #215
Camarillo, CA 93010

City of Selma
1710 Tucker St.
Selma, CA 93662

Los Angeles EDC
444 S. Flower St., 37th Floor
Los Angeles, CA 90071

City of Vista
200 Civic Center Dr.
Vista, CA 92084

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Staff Report

Action Requested	Resolution of the California Enterprise Development Authority Authorizing and Approving a Master Loan Agreement with First Republic Bank and Live Oak, a Learning Center for Children, Doing Business As Live Oak School, Pursuant to Which the California Enterprise Development Authority Will Make One or More Loans in an Aggregate Amount Not to Exceed \$10,000,000 for the Purpose of Refinancing the Currently Outstanding 2012 California Enterprise Development Authority Loan, for the Benefit of Live Oak, a Learning Center for Children, Doing Business As Live Oak School, and Constructing Improving and Equipping the Parcel of Real Estate at 1555 Mariposa Street, San Francisco, California 94107, Providing the Terms and Condition for Such Master Loan Agreement and Other Matters Relating Thereto Herein Specified.
Borrower	Live Oak, a Learning Center for Children
Borrower Description	<p>Live Oak School is an independent school in San Francisco that serves students in a K-8 program. Live Oak School focuses on experimental learning with an emphasis on academic achievement and social development. Live Oak school also encourages strong participation by the parents in order to form a partnership between the home and school in the students' education.</p> <p>Live Oak School is seeking revenue bonds in an aggregate amount not to exceed \$10,000,000 to refinance the tax-exempt loan made in 2012 and to finance additional property improvements for the benefit of Live Oak School.</p>
Public Benefits	Live Oak School actively seeks a student body that reflects the rich diversity of the Bay Area and offers a rich curriculum that provides access and challenge for every student, supporting deep thinking, self-expression, and new perspectives. The refinancing of Live Oak School's existing debt frees up cash flow to support day-to-day operations.
TEFRA Hearing	A public hearing was held by the City and County of San Francisco on May 6, 2015.
Eligibility and Policy Review	<p>The project has been reviewed by CEDA staff. The proposed financing is eligible pursuant to state and federal law and addresses the objectives contained in CEDA's Bond Issuance Policies and Procedures</p> <ul style="list-style-type: none"> ■ The Borrower is capable of meeting the obligations incurred under the bond documents; ■ The payments to be made are adequate to pay the expenses of CEDA in connection with the financing and to make payments on the bonds; ■ Proposed financing is appropriate for the project.
Recommendation	Staff recommends adoption of Resolution 15-84 of the California Enterprise Development Authority Authorizing and Approving a Master Loan Agreement with First Republic Bank and Live Oak, a Learning Center for Children, Doing Business As Live Oak School, Pursuant to Which the California Enterprise Development Authority Will Make One or More Loans in an Aggregate Amount Not to Exceed \$10,000,000 for the Purpose of Refinancing the Currently Outstanding 2012 California Enterprise Development Authority Loan, for the Benefit of Live Oak, a Learning Center for Children, Doing Business As Live Oak School, and Constructing Improving and Equipping the Parcel of Real Estate at 1555 Mariposa Street, San Francisco, California 94107, Providing the Terms and Condition for Such Master Loan Agreement and Other Matters Relating Thereto Herein Specified.

RESOLUTION NO. 15-84

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

RESOLUTION OF THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY AUTHORIZING AND APPROVING A MASTER LOAN AGREEMENT WITH FIRST REPUBLIC BANK AND LIVE OAK, A LEARNING CENTER FOR CHILDREN, DOING BUSINESS AS LIVE OAK SCHOOL, PURSUANT TO WHICH THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY WILL MAKE ONE OR MORE LOANS IN AN AGGREGATE AMOUNT NOT TO EXCEED \$10,000,000 FOR THE PURPOSE OF REFINANCING THE CURRENTLY OUTSTANDING 2012 CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY LOAN, FOR THE BENEFIT OF LIVE OAK, A LEARNING CENTER FOR CHILDREN, DOING BUSINESS AS LIVE OAK SCHOOL, AND CONSTRUCTING IMPROVING AND EQUIPPING THE PARCEL OF REAL ESTATE AT 1555 MARIPOSA STREET, SAN FRANCISCO, CALIFORNIA 94107, PROVIDING THE TERMS AND CONDITION FOR SUCH MASTER LOAN AGREEMENT AND OTHER MATTERS RELATING THERETO HEREIN SPECIFIED

WHEREAS, pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the "Act"), the cities of Eureka, Lancaster and Selma entered into a joint exercise of powers agreement (the "Agreement") pursuant to which the California Enterprise Development Authority (the "Authority") was organized; and

WHEREAS, the Authority is authorized by the Agreement and the Act to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements, or enter into loan agreements to, among other things, finance or refinance facilities owned and/or leased and operated by organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, pursuant to the provisions of the Act, the public agencies which are members of the Authority are authorized to jointly exercise any power common to such public agency members, including, without limitation, the power to acquire and dispose of property, both real and personal; and

WHEREAS, the City and County of San Francisco (the "City") is an associate member of the Authority; and

WHEREAS, pursuant to the provisions of the Act, the Authority may, at its option, issue bonds or other evidences of indebtedness, rather than certificates of participation, and enter into a loan agreement; and

WHEREAS, Live Oak, A Learning Center for Children, doing business as Live Oak School (the "Borrower") wishes to: (i) prepay in full all of a tax-exempt loan made in 2012 by the

Authority to the Borrower, in the original principal amount of \$5,750,000, the proceeds of which loan refinanced the acquisition, construction, improvement and equipping of educational facilities located at 1555 Mariposa Street, San Francisco, California 94107 (the "Property"), all owned and operated by the Borrower and used for educational purposes, (ii) finance, and/or reimburse itself for capital expenditures, including the construction, improvement and equipping of the Property, and (iii) pay various transaction costs, prepayment costs, if applicable, and other related costs (collectively, the "Project"); and

WHEREAS, there has been filed with the Secretary of the Authority a proposed form of a (i) Master Loan Agreement (the "Master Loan Agreement"), by and among First Republic Bank, as lender (the "Lender"), the Authority and the Borrower, and (ii) Assignment Agreement (the "Assignment Agreement") between the Authority and the Lender; and

WHEREAS, the Authority intends to use the proceeds of one or more tax-exempt loans from the Lender to the Authority (collectively, the "Authority Loan") in an amount not to exceed \$10,000,000 to make one or more loans of equal amount to the Borrower (collectively, the "Borrower Loan"); and

WHEREAS, in accordance with the requirements of Section 147(f) of the Code, the Board of Supervisors of the City is expected to adopt a resolution approving the Authority Loan, in order to finance the Project (the "Board of Supervisors Approval"); and

WHEREAS, the Borrower is expected to provide significant benefits to the residents of the City and surrounding communities and will also create and retain employment opportunities for residents of the City and surrounding communities over the long term; and

WHEREAS, the financing for the Borrower through the Authority will result in a more economical and efficient funding process because of the Authority's expertise in conduit financings; and

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the California Enterprise Development Authority (the "Board"), as follows:

Section 1. Subject to the receipt by the Authority of the Board of Supervisors Approval, the Board hereby finds and determines that the foregoing recitals are true and correct. The Board finds that it is in the public interest to assist the Borrower in financing the Project.

Section 2. The Authority hereby approves of the entering into the Authority Loan on a tax-exempt basis and using the proceeds thereof to make the Borrower Loan pursuant to the terms and provisions of the Master Loan Agreement. The Authority understands that the payments under the Borrower Loan will be assigned to the Lender to satisfy the Authority's payments under the Authority Loan. The payments to be made by the Authority to the Lender under the Authority Loan will be satisfied solely from payments made by the Borrower to the Lender (as assignee of Authority) under the Borrower Loan.

Section 3. The proposed form of the Master Loan Agreement by and among the Authority, the Lender and the Borrower, on file with the Secretary of the Authority, is hereby

approved in substantially the form presented to and considered at the meeting of the Board. The Chair or the Vice Chair of the Board of Directors (individually, an “Authorized Signatory” and, collectively, the “Authorized Signatories”), acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Master Loan Agreement in substantially the form filed with the Authority prior to this meeting, with such changes and insertions therein consistent with the stated terms of this Resolution as the Authorized Signatory executing the same, with the advice of counsel to the Authority, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Secretary or Assistant Secretary of the Authority is authorized to attest the execution of the Master Loan Agreement.

Section 4. The proposed form of the Assignment Agreement executed by the Borrower in favor of the Lender and the Authority, on file with the Secretary of the Authority, is hereby approved. Each of the Authorized Signatories, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Assignment Agreement in substantially the form filed with the Authority prior to this meeting, with such changes and insertions therein consistent with the stated terms of this Resolution as the Authorized Signatory executing the same, with the advice of counsel to the Authority, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. Subject to the receipt by the Authority of the Board of Supervisors Approval, the Authority approves the Authority Loan on a tax-exempt basis and the making of the Borrower Loan to the Borrower in an amount not to exceed \$10,000,000 in accordance with the terms of and to be secured by the Master Loan Agreement. Repayment of the principal of, premium, if any, and the interest on, the Authority Loan shall be made solely from the revenues to be received by the Authority from the Borrower Loan pursuant to the Master Loan Agreement, and the Authority Loan shall not be deemed to constitute a debt or liability of the State or any political subdivision thereof. The Authority Loan shall bear interest at the rate or rates set forth in the Master Loan Agreement.

Section 6. All assignments, consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the borrowing of amounts from the Lender and the making of the Borrower Loan to the Borrower, any of the foregoing which may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project, any assignment by Lender to an affiliate of Lender or qualified institutional buyer or any prepayment of the Borrower Loan, may be given or taken by the Chair or the Vice Chair or any designee of either of them without further authorization by this Board of Directors of the Authority, and such officers are hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action which such officers may deem necessary or desirable to further the purposes of this Resolution.

Section 7. All actions heretofore taken by the officials and agents of the Authority with respect to the Authority Loan and the Borrower Loan are hereby approved, confirmed and ratified, and the officials of the Authority are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all certificates, agreements and documents, including, without limitation, a tax certificate and agreement, which they or counsel may deem necessary or advisable in order to consummate the Borrower Loan and the

Authority Loan and otherwise to effectuate the purposes of this Resolution, and the Secretary or Assistant Secretary of the Authority is authorized to attest the execution of such certificates, agreements and documents.

Section 8. The provisions of this Resolution are hereby declared to be separable, and if any action, phrase or provision is for any reason declared to be invalid, such declaration does not affect the validity of the remainder of the sections, phrases and provisions.

This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this June 4, 2015.

CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY

By: _____
Gurbax Sahota, Chair

ATTEST:

Michelle Stephens, Assistant Secretary

I, the undersigned, the duly appointed and qualified Assistant Secretary of the California Enterprise Development Authority, do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of said Authority at a duly called meeting of the Board of Directors of said Authority held in accordance with law on June 4, 2015.

Michelle Stephens
Assistant Secretary