

# CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

## REGULAR MEETING

### \*\*\*TELECONFERENCE MEETING NOTICE and AGENDA\*\*\* LOCATIONS LISTED BELOW

10:30 A.M.

Thursday, October 31, 2019

#### Teleconference Phone Information

(712) 775-7031 - Conference Code: 183724#

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

#### Action Items

1. Consent Agenda
  - a. Approve Minutes from the Regular Meeting on October 17, 2019.
2. Approve Resolution 19-71 of the California Enterprise Development Authority Authorizing and Approving a Loan Agreement Pursuant to which the California Enterprise Development Authority Will Make One or More Loans for the Purpose of Financing and Refinancing the Cost of Acquiring, Developing, Constructing, Installing, Equipping and Furnishing Certain Facilities for the Benefit of Impact Justice Lakeshore LLC and Impact Justice, and/or a Related or Successor Entity; Providing the Terms and Conditions for Such Loan Agreement and Other Matters Relating Thereto Herein Specified.
3. Approve Resolution 19-72 of the California Enterprise Development Authority Authorizing and Approving a Loan Agreement Pursuant to which the California Enterprise Development Authority Will Make One or More Loans for the Purpose of Financing and Refinancing the Cost of Acquisition, Construction, Improvement and Equipping of School Facilities for the Benefit of Bowman International School, Providing the Terms and Conditions for Such Loan Agreement and Other Matters Relating Thereto Herein Specified.

#### 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  
(contact Michelle Stephens)  
2150 River Plaza Dr., Suite 275  
Sacramento, CA 95833

City of Santa Clarita  
(contact Jason Crawford or  
Stephanie Givans)  
23920 Valencia Blvd., Suite 100  
Santa Clarita, CA 91355

County of Stanislaus  
(contact Keith Boggs or Sheryl Swartz)  
1010 10<sup>th</sup> Street

Redding City Hall  
(contact Larry Vaupel or Erica Thomas)  
777 Cypress Ave.  
Redding, CA 96001

City of Lakeport  
(contact Margaret Silveira  
or Hilary Britton)  
225 Park Street  
Lakeport, CA 95453

City of West Sacramento  
(contact Aaron Laurel or  
Sandra Barcenas)  
1110 West Capitol Avenue, 3<sup>rd</sup> Floor

Sacramento Municipal Utility  
District  
(contact Mather Kearney)  
6301 S Street  
Sacramento, CA 95817

City of Anaheim  
(contact Jessica Gonzales or  
Amanda Wicker)  
201 S. Anaheim Blvd., Ste. 1003  
Anaheim, CA 92805

## **CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY**

GSA Purchasing – 5th Floor  
GSA Director's Office  
Modesto, CA 95354

West Sacramento, CA 95691

This agenda can be obtained at <https://ceda.caed.org>. The California Enterprise Development Authority complies with the Americans with Disabilities Act (ADA) by ensuring that the facilities are accessible to persons with disabilities and by providing this notice and information in alternative formats when requested. If you need further assistance, you may contact us before the meeting at (916) 448-8252, ext. 12.

# CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

**MINUTES**  
**Regular Meeting**  
**\*\*\*TELECONFERENCE MEETING \*\*\***  
**CEDA BOARD OF DIRECTORS**  
**Thursday, October 17, 2019**

## Teleconference Locations

California Association for Local  
Economic Development  
(contact Helen Schaubmayer)  
2150 River Plaza Dr. Suite 275  
Sacramento, CA 95833

Redding City Hall  
(contact Larry Vaupel or Erica  
Thomas)  
777 Cypress Ave.  
Redding, CA 96001

Sacramento Municipal Utility District  
(contact Mather Kearney)  
6301 S Street  
Sacramento, CA 95817

City of Santa Clarita  
(contact Jason Crawford or  
Stephanie Givens)  
23920 Valencia Blvd., Suite 100  
Santa Clarita, CA 91355

City of Lakeport  
(contact Margaret Silveira or Hilary  
Britton)  
225 Park Street  
Lakeport, CA 95453

City of Anaheim  
(contact Jessica Gonzales or  
Amanda Wicker)  
201 S. Anaheim Blvd., Ste. 1003  
Anaheim, CA 92805

County of Stanislaus  
(contact Keith Boggs or Sheryl  
Swartz)  
1010 10<sup>th</sup> Street  
GSA Purchasing – 5th Floor  
GSA Director's Office  
Modesto, CA 95354

City of West Sacramento  
(contact Aaron Laurel or  
Polly Harris)  
1110 West Capitol Avenue, 3<sup>rd</sup> Floor  
West Sacramento, CA 95691

## Call to Order

Aaron Laurel, Acting Chair of the California Enterprise Development Authority, called the meeting to order at 10:31 am.

## Roll Call

Members Present: Keith Boggs  
Jessica Gonzales  
Mather Kearney (10:32)  
Aaron Laurel  
Larry Vaupel

## CALED Management/

Staff Present: Michelle Stephens  
Alphonse Wilfred

Public: Sam Balisy, Kutak Rock  
Peter Grabell, Dividend Finance  
David Mnatsakanyan, Kutak Rock  
Jessica Shaham, Kutak Rock

## Statement of Disclosure

None

## Action Items

1. Approve Consent Agenda.
  - a. Approve Minutes from the Regular Meeting on September 26, 2019.

**Motion:** Board Member Larry Vaupel made the motion to approve the Consent Agenda. Board Member Jessica Gonzales seconded the motion on the floor.

*The motion passed by voice vote. Keith Boggs abstained.*

2. Approve Resolution 19-68 of the California Enterprise Development Authority Authorizing the Issuance of Taxable and/or Tax Exempt Revenue Bonds in One or More Series in a Principal Amount Not to Exceed \$15,000,000 to Finance or Refinance the Acquisition, Improvement, Renovation, Furnishing and Equipping of Educational Facilities for the Benefit of the High Desert “Partnership in Academic Excellence” Foundation, Incorporated, Providing the Terms and Conditions for the Sale and Issuance of Said Bonds and Other Matters Relating Thereto and Authorizing the Execution of Certain Documents Herein Specified.

**Discussion:** Michelle updated the Board on the project and for what the financing would be used. Jessica Shaham clarified that 19-68 and 19-69 are two separate issuances, but under the same organization, the Lewis Center.

**Motion:** *Board Member Mather Kearny made the motion to approve Resolution No. 19-68. Board Member Larry Vaupel seconded the motion on the floor.*

*The motion passed with the following roll call vote:*

Keith Boggs	Aye
Jessica Gonzales	Aye
Mather Kearney	Aye
Aaron Laurel	Aye
Larry Vaupel	Aye

3. Approve Resolution 19-69 of the California Enterprise Development Authority Authorizing the Issuance of Taxable and/or Tax Exempt Revenue Bonds in One or More Series in a Principal Amount Not to Exceed \$45,000,000 to Finance or Refinance the Acquisition, Improvement, Renovation, Furnishing and Equipping of Educational Facilities for the Benefit of the High Desert “Partnership in Academic Excellence” Foundation, Incorporated, Providing the Terms and Conditions for the Sale and Issuance of Said Bonds and Other Matters Relating Thereto and Authorizing the Execution of Certain Documents Herein Specified.

**Discussion:** Michelle updated the Board on the project and for what the financing would be used.

**Motion:** *Board Member Keith Boggs made the motion to approve Resolution No. 19-69. Board Member Larry Vaupel seconded the motion on the floor.*

*The motion passed with the following roll call vote:*

Keith Boggs	Aye
Jessica Gonzales	Aye
Mather Kearney	Aye
Aaron Laurel	Aye
Larry Vaupel	Aye

4. Approve 19-70 Resolution Authorizing the Issuance and Sale of California Enterprise Development Authority Variable Rate Demand Revenue Bonds (AIDS Healthcare Foundation Project), Series 2019a-f, for the Purpose of Financing and Refinancing Facilities for The Benefit of AIDS Healthcare Foundation, a California Nonprofit Public Benefit Corporation, and/or a Related or Successor Entity; Providing The Terms and Conditions for The Sale and Issuance of Said Bonds and Other Matters Relating Thereto and Authorizing The Execution of Certain Documents Herein Specified.

**Discussion:** Michelle updated the Board on the project and for what the financing would be used. Michelle also clarified that “2019 a-e” is supposed to be “2019 a-f”. She let the Board know that Bond Counsel said it was a non-material change. Sam explained that this is the second AIDS

Healthcare Foundation financing CEDA has done and that they are a very active organization.

**Motion:** *Board Member Jessica Gonzales made the motion to approve Resolution No. 19-70. Board Member Larry Vaupel seconded the motion on the floor.*

*The motion passed with the following roll call vote:*

Keith Boggs	Aye
Jessica Gonzales	Aye
Mather Kearney	Aye
Aaron Laurel	Aye
Larry Vaupel	Aye

**Public Comment**

**Chair Report**

Michelle had no report but told the Board that the next meeting will be on Thursday, October 31, 2019 at 10:30am.

**PACE Report**

Peter from Dividend Finance gave a report about Commercial PACE (C-PACE). Dividend's C-PACE program has about \$2 million in applications and will be offering two separate bonds (~\$1 million each). Peter also let the Board know that C-PACE has been moving into new construction projects, instead of EE retrofits. In these projects, C-PACE financing is part of the capital stack. He also said they have a project outside of CA, that is overlaying C-PACE with New Market Tax Credits. In legacy R-PACE news, the Dividend team will be working with Helen Schaubmayer of CALED and Kutak Rock to get a bond done by the end of the year.

**Other Business**

Keith Boggs let the Board know that he just got back from the IEDC conference and that Kevin Ham was awarded an Economic Development Leadership award.

**Adjournment**

**Motion:** *Keith Boggs made the motion to adjourn the meeting. Larry Vaupel seconded the motion on the floor. Acting Chair Aaron Laurel adjourned the meeting at 10:45 am by voice vote.*

## Staff Report

<b>Action Requested</b>	Approve Resolution 19-71 of the California Enterprise Development Authority Authorizing and Approving a Loan Agreement Pursuant to which the California Enterprise Development Authority Will Make One or More Loans for the Purpose of Financing and Refinancing the Cost of Acquiring, Developing, Constructing, Installing, Equipping and Furnishing Certain Facilities for the Benefit of Impact Justice Lakeshore LLC and Impact Justice, and/or a Related or Successor Entity; Providing the Terms and Conditions for Such Loan Agreement and Other Matters Relating Thereto Herein Specified.
<b>Borrower(s)</b>	Impact Justice
<b>Borrower Description</b>	<p>Impact Justice is committed to working towards a more humane, responsive and restorative system of justice in the United States by confronting mass incarceration, cruel and inhumane conditions, barriers to re-entry and failure to meet the needs of crime survivors. Impact Justice is rooted in their cultural differences and seek diverse perspectives. They work to ensure strategies and actions promote diversity, equity, and justice, based on race, ethnicity, gender, age, ability, sexual orientation, gender identity and expression, religion, language, national origin, immigration status, system involvement, socioeconomic status, and the multitude of intersections thereof.</p> <p>Impact Justice also provides training and assistance to corporations with similar community-based programs. They harness innovation, research, and policy ideas towards three crucial goals:</p> <ol style="list-style-type: none"> <li>1. Preventing more youth and adults from becoming involved in the justice system</li> <li>2. Improving conditions that ensure humanity and hope for those currently incarcerated</li> <li>3. Helping formerly incarcerated people to successfully rejoin their communities.</li> </ol> <p>The proceeds from this project will be used to finance and refinance a portion of the costs of purchasing the real property located at 2930 Lakshore Avenue, Oakland, California, consisting of an approximate 17,188 square foot office building with for floors and two parking levels and rehabilitating and improving the property (the “Property”). Impact Justice will own the Property and lease the property to Impact Justice and other nonprofit organizations with similar missions.</p>
<b>Public Benefits</b>	The tax-exempt financing will allow Impact Justice to realize savings that can be put back into its operations and purchasing real property.
<b>Eligibility and Policy Review</b>	<p>CEDA staff has reviewed the project. 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"> <li>■ The Borrower is capable of meeting the obligations incurred under the financing documents;</li> <li>■ The Payments to be made are adequate to pay the expenses of CEDA in connection with the financing and to pay debt service;</li> <li>■ Proposed financing is appropriate for the project.</li> </ul>
<b>Recommendation</b>	Staff recommends approval of Resolution 19-71 of the California Enterprise Development Authority Authorizing and Approving a Loan Agreement Pursuant to which the California Enterprise Development Authority Will Make One or More Loans for the Purpose of Financing and Refinancing the Cost of Acquiring, Developing, Constructing, Installing, Equipping and Furnishing Certain Facilities for the Benefit of Impact Justice Lakeshore LLC and Impact Justice, and/or a Related or Successor Entity; Providing the Terms and Conditions for Such Loan Agreement and Other Matters Relating Thereto Herein Specified.

## RESOLUTION NO. 19-71

### CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

#### **RESOLUTION OF THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY AUTHORIZING AND APPROVING A LOAN AGREEMENT PURSUANT TO WHICH THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY WILL MAKE ONE OR MORE LOANS FOR THE PURPOSE OF FINANCING AND REFINANCING THE COST OF ACQUIRING, DEVELOPING, CONSTRUCTING, INSTALLING, EQUIPPING AND FURNISHING CERTAIN FACILITIES FOR THE BENEFIT OF IMPACT JUSTICE LAKESHORE LLC AND IMPACT JUSTICE, AND/OR A RELATED OR SUCCESSOR ENTITY; PROVIDING THE TERMS AND CONDITIONS FOR SUCH 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 financing 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 County of Alameda (the "County") is an associate member of the Authority and is authorized to acquire and dispose of property, both real and personal; and

**WHEREAS**, pursuant to the provisions of the Act, the Authority may, at its option, issue bonds, rather than certificates of participation, and enter into a loan agreement, financing agreement or similar agreement for the purposes of promoting economic development; and

**WHEREAS** Impact Justice, a California nonprofit public benefit corporation (the "Corporation"), and its wholly owned affiliate, Impact Justice Lakeshore LLC, a California limited liability company (or a successor or related entity) (the "Borrower"), has requested that the Authority make one or more loans in an aggregate principal amount not to exceed \$4,656,000.00 (the "Borrower Loans"), to the Borrower to finance or refinance a portion of the cost of (a) (i) purchasing the real property located at 2930 Lakeshore Avenue, Oakland, California 94610, consisting of an approximately 17,188 square foot office building with four floors and two parking

levels (the “Property”), and (ii) rehabilitating and improving the Property; (collectively, the “Facilities”) and (b) pay capitalized interest on the Borrower Loans and pay certain costs of issuance in connection with such financing; and

**WHEREAS**, the Authority intends to use the proceeds of one or more tax-exempt loans from Presidio Bank, a Division of Heritage Bank of Commerce or its successor (the “Lender”), to the Authority (collectively, the “Authority Loans” and, together with the Borrower Loans, the “Loans”) to make the Borrower Loans; and

**WHEREAS**, there have been placed on file with the Authority prior to this meeting the following documents and agreements:

(a) A proposed form of Loan Agreement (the “Loan Agreement”), by and among the Lender, the Authority and the Borrower; and

(b) A proposed form of Assignment Agreement (the “Assignment Agreement”), by and between the Authority and the Lender; and

**WHEREAS**, pursuant to California Government Code Section 5852.1, certain information regarding the Loans, attached hereto as Attachment I, has been presented to the Authority by the Borrower based on a good faith estimates by the Lender; and

**WHEREAS**, the Facilities provide significant benefits to the residents of the County and surrounding community through the services provided by the Corporation and Borrower and, based on representations of the Borrower, the financing of the Facilities through the Authority will result in demonstrable savings in effective interest rate;

**NOW THEREFORE, BE IT RESOLVED** by the Board of Directors of the Authority, as follows:

**Section 1.** The Authority finds that it is in the public interest to assist the Borrower in financing the Facilities.

**Section 2.** The Authority hereby approves of the entering into the Authority Loans, the interest with respect to which will be excluded from gross income for federal income tax purposes, and using the proceeds thereof to make the Borrower Loans pursuant to the terms and provisions of the Loan Agreement. The Authority understands that the payments under the Borrower Loans will be assigned to the Lender to satisfy the Authority’s payments under the Authority Loans. The payments to be made by the Authority to the Lender under the Authority Loans will be satisfied solely from payments made by the Borrower to the Lender (as assignee of the Authority) under the Borrower Loans.

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

**Section 4.** The proposed form of the Assignment Agreement, by and between the Authority and the Lender, on file with the Secretary of the Authority, is hereby approved. Each Authorized Signatory, 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. The Secretary or Assistant Secretary of the Authority is authorized to attest the execution of the Assignment Agreement.

**Section 5.** The Authority approves the Authority Loans, the interest with respect to which will be excluded from gross income for federal income tax purposes, and the making of the Borrower Loans to the Borrower in an amount not to exceed \$4,656,000.00 in accordance with the terms of and to be secured by the Loan Agreement. Repayment of the principal of, premium, if any, and the interest on, the Authority Loans shall be made solely from the revenues to be received by the Authority from the Borrower Loans pursuant to the Loan Agreement, and the Authority Loans shall not be deemed to constitute a debt or liability of the State of California or any political subdivision thereof. The Authority Loans shall bear interest at the rate or rates set forth in the 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 Loans 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 Facilities, any assignment by the Lender to an affiliate of the Lender, accredited investor or qualified institutional buyer or any prepayment of the Borrower Loans, may be given or taken by an Authorized Signatory 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 Loans and the Borrower Loans are hereby approved, confirmed and ratified, and the officials of the Authority and their authorized designees 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 the Authority's counsel or the Lender's counsel may deem necessary or advisable in order to consummate the Borrower Loans and the Authority Loans 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.

**Section 9.** Notwithstanding anything to the contrary in this Resolution, no documents referenced in this Resolution may be executed or delivered until the County has held the requisite hearing and the Board of Supervisors of the County have approved the making of the Authority Loans pursuant to Section 147(f) of the Code.

**Section 10.** This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 31<sup>st</sup> day of October, 2019.

CALIFORNIA ENTERPRISE  
DEVELOPMENT AUTHORITY

By \_\_\_\_\_  
Aaron Laurel, Vice Chair

Attest:

By \_\_\_\_\_  
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 October 31, 2019.

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Michelle Stephens, Assistant Secretary

ATTACHMENT I  
PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, Impact Justice, a California nonprofit public benefit corporation, and its wholly owned affiliate, Impact Justice Lakeshore LLC, a California limited liability company (or a successor or related entity) (the “Borrower”), has provided the following required information to the California Enterprise Development Authority (the “Authority”), as conduit financing provider, prior to the Authority’s regular meeting on October 31, 2019 (the “Meeting”) of its Board of Directors (the “Board”) at which Meeting, the Board will consider the authorization of conduit revenue obligations in the aggregate principal amount not to exceed \$4,656,000.00 (the “Obligations”).

1. Presidio Bank, a Division of Heritage Bank of Commerce, as private placement lender, engaged by the Borrower provided the Borrower with the required good faith estimates relating to the Obligations as follows:
  - A. The true interest cost of the Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Obligations (to the nearest ten-thousandth of one percent): 5.4527% (assumes 4.8% interest rate to maturity date).
  - B. The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: \$196,560.00
  - C. The amount of proceeds received by the public body for sale of the Obligations less the finance charge of the Obligations described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Obligations: \$4,517,251.20
  - D. The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Obligations plus the finance charge of the Obligations described in subparagraph (B) not paid with the proceeds of the Obligations (which total payment amount shall be calculated to the final maturity of the Obligations): \$6,514,550.64 (assumes portion of cost of issuance paid from equity).
2. The good faith estimates provided above were based on the information which was presented to the governing board of the Borrower, or presented to the official or officials or committee designated by the governing board of the Borrower to obligate the Borrower in connection with the Obligations or, in the absence of a governing board, presented to the official or officials of the Borrower having authority to obligate the Borrower in connection with the Obligations.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to a variety of factors. The actual interest rates borne by the Obligations and the actual amortization of the Obligations will depend on market interest rates at

the time of the issuance of the Obligations. Market interest rates are affected by economic and other factors beyond the control of the Borrower.

The Authority is authorized to make this document available to the public at the Meeting of the Authority.

## Staff Report

<b>Action Requested</b>	Approve Resolution 19-72 of the California Enterprise Development Authority Authorizing and Approving a Loan Agreement Pursuant to which the California Enterprise Development Authority Will Make One or More Loans for the Purpose of Financing and Refinancing the Cost of Acquisition, Construction, Improvement and Equipping of School Facilities for the Benefit of Bowman International School, Providing the Terms and Conditions for Such Loan Agreement and Other Matters Relating Thereto Herein Specified.
<b>Borrower(s)</b>	Bowman International School
<b>Borrower Description</b>	<p>Bowman School inspires children to love learning in an academically challenging and internationally aware program that promotes leadership, respect, responsibility, and independence. The school has the following core values:</p> <ul style="list-style-type: none"> <li>• Integrated Curriculum—Promotes strong academics through experiential learning that stimulates critical thinking and fosters life-long curiosity;</li> <li>• Global Perspective—cultivates an understanding of and appreciation for other countries and cultures; and</li> <li>• Responsible Citizenship—creates confident, respectful, problem-solving, community-aware individuals.</li> </ul> <p>The project includes financing and refinancing the costs of acquisition, development, construction, installation, equipping and furnishing of various education facilities located at 4000 Terman Drive and 689 and 693 Arastradero Rd in Palo Alto, CA.</p>
<b>Public Benefits</b>	The tax-exempt financing will allow Bowman International School to realize savings that can be put back into its operations and purchasing real property.
<b>Eligibility and Policy Review</b>	<p>CEDA staff has reviewed the project. 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"> <li>■ The Borrower is capable of meeting the obligations incurred under the financing documents;</li> <li>■ The Payments to be made are adequate to pay the expenses of CEDA in connection with the financing and to pay debt service;</li> <li>■ Proposed financing is appropriate for the project.</li> </ul>
<b>Recommendation</b>	Staff recommends approval of Resolution 19-72 of the California Enterprise Development Authority Authorizing and Approving a Loan Agreement Pursuant to which the California Enterprise Development Authority Will Make One or More Loans for the Purpose of Financing and Refinancing the Cost of Acquisition, Construction, Improvement and Equipping of School Facilities for the Benefit of Bowman International School, Providing the Terms and Conditions for Such Loan Agreement and Other Matters Relating Thereto Herein Specified.

## RESOLUTION NO. 19-72

### CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

#### **RESOLUTION OF THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY AUTHORIZING AND APPROVING A LOAN AGREEMENT PURSUANT TO WHICH THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY WILL MAKE ONE OR MORE LOANS FOR THE PURPOSE OF FINANCING AND REFINANCING THE COST OF ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF SCHOOL FACILITIES FOR THE BENEFIT OF BOWMAN INTERNATIONAL SCHOOL, PROVIDING THE TERMS AND CONDITIONS FOR SUCH LOAN AGREEMENT AND OTHER MATTERS RELATING THERETO HEREIN SPECIFIED**

**WHEREAS**, pursuant to the provisions of the Joint 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 financing 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 of Palo Alto is an associate member of the Authority and is authorized to acquire and dispose of property, both real and personal; and

**WHEREAS**, pursuant to the provisions of the Act, the Authority may, at its option, issue bonds, rather than certificates of participation, and enter into a loan agreement, financing agreement or similar agreement for the purposes of promoting economic development; and

**WHEREAS**, Bowman International School, a California nonprofit public benefit corporation (the "Borrower"), has submitted an application to the Authority requesting the Authority to make one or more loans (collectively, the "Borrower Loans") in the aggregate principal amount not to exceed \$24,000,000 to the Borrower for the purpose of (a)(i) refinancing outstanding indebtedness incurred by the Borrower, the proceeds of which were used to finance and refinance the cost of the acquisition, construction, development, equipping and furnishing of educational facilities located at 4000 Terman Drive, Palo Alto, California 94306, consisting of a two-story building (with improved basement) containing 23,428 square feet of classrooms, library, faculty lounge with full kitchen, three adult restrooms, administrative offices, music room and



other related facilities, and (ii) financing the cost of the acquisition, construction, development, equipping and furnishing of an approximately 16,340 square foot academic village located at 693 Arastradero Road, Palo Alto, California 94306 consisting of a building with additional classrooms, a multi-purpose building with an auditorium and offices and other related facilities (collectively, the “Facilities”), and (b) paying certain costs of issuance in connection with the such financing; and

**WHEREAS**, the Authority intends to use the proceeds of one or more tax-exempt loans from CN Financing, Inc., or its successor, and Banc of California, a National Association, or its successor (collectively, the “Lenders”) to the Authority (together, the “Authority Loans”, and together with the Borrower Loans, the “Loans”) to make the Borrower Loans; and

**WHEREAS**, there have been placed on file with the Authority prior to this meeting a proposed form of the Loan Agreement, by and among the Lenders, the Authority, the Borrower, and City National Bank, a national banking association in its capacity as administrative agent (the “Loan Agreement”).

**WHEREAS**, pursuant to California Government Code Section 5852.1, certain information regarding the Loans, attached hereto as Attachment I, has been presented to the Authority by the Borrower based on a good faith estimates by the Lenders; and

**WHEREAS**, the Facilities provide significant benefits to the residents of the City of Palo Alto and surrounding community through the educational services provided by the Borrower and, based on representations of the Borrower, the financing and refinancing of the Facilities through the Authority will result in demonstrable savings in effective interest rate;

**NOW THEREFORE, BE IT RESOLVED** by the Board of Directors of the Authority, as follows:

**Section 1.** The Authority finds that it is in the public interest to assist the Borrower in financing and refinancing the Facilities.

**Section 2.** The Authority hereby approves of the entering into the Authority Loans, the interest with respect to which will be excluded from gross income for federal income tax purposes, and using the proceeds thereof to make the Borrower Loans pursuant to the terms and provisions of the Loan Agreement. The Authority understands that the payments under the Borrower Loans will be assigned to the Lender to satisfy the Authority’s payments under the Authority Loans. The payments to be made by the Authority to the Lender under the Authority Loans will be satisfied solely from payments made by the Borrower to the Lender (as assignee of Authority) under the Borrower Loans.

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

**Section 4.** The proposed form of the Assignment Agreement by and between the Authority and the Lender, on file with the Secretary of the Authority, is hereby approved. Each Authorized Signatory, 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. The Secretary or Assistant Secretary of the Authority is authorized to attest the execution of the Assignment Agreement.

**Section 5.** The Authority approves the Authority Loans, the interest with respect to which will be excluded from gross income for federal income tax purposes, and the making of the Borrower Loans to the Borrower in an amount not to exceed \$24,000,000 in accordance with the terms of and to be secured by the Loan Agreement. Repayment of the principal of, premium, if any, and the interest on, the Authority Loans shall be made solely from the revenues to be received by the Authority from the Borrower Loans pursuant to the Loan Agreement, and the Authority Loans shall not be deemed to constitute a debt or liability of the State or any political subdivision thereof. The Authority Loans shall bear interest at the rate or rates set forth in the 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 Loans 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 Facilities, any assignment by Lender to an affiliate of Lender, accredited investor or qualified institutional buyer or any prepayment of the Borrower Loans, may be given or taken by an Authorized Signatory 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 Loans and the Borrower Loans are hereby approved, confirmed and ratified, and the officials of the Authority and their authorized designees 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 the Authority's counsel or the Lender's counsel may deem necessary or advisable in order to consummate the Borrower Loans and the Authority Loans 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.

**Section 9.** Notwithstanding anything to the contrary in this Resolution, no documents referenced in this Resolution may be executed or delivered until the City of Palo Alto has held the requisite hearing and the City Council of the City of Palo Alto has approved the issuance of the Authority Loans pursuant to Section 147(f) of the Code.

**Section 10.** This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 31<sup>st</sup> day of October, 2019.

CALIFORNIA ENTERPRISE  
DEVELOPMENT AUTHORITY

By \_\_\_\_\_  
Aaron Laurel, Vice Chair

Attest:

By \_\_\_\_\_  
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 October 31, 2019.

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Michelle Stephens, Assistant Secretary

ATTACHMENT I  
PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, Bowman International School, a California nonprofit public benefit corporation (the “Borrower”), has provided the following required information to the California Enterprise Development Authority (the “Authority”), as conduit financing provider, prior to the Authority’s regular meeting on October 31, 2019 (the “Meeting”) of its Board of Directors (the “Board”) at which Meeting, the Board will consider the authorization of conduit revenue obligations in the aggregate principal amount not to exceed \$24,000,000 (the “Obligations”).

1. CN Financing, Inc. and Banc of California, as private placement lenders, engaged by the Borrower provided the Borrower with the required good faith estimates relating to the Obligations as follows:
  - A. The true interest cost of the Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Obligations (to the nearest ten-thousandth of one percent): 3.3450% (assumes interest rate of 3.19% through maturity date).
  - B. The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: \$270,000.00
  - C. The amount of proceeds received by the public body for sale of the Obligations less the finance charge of the Obligations described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Obligations: \$23,730,000.00
  - D. The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Obligations plus the finance charge of the Obligations described in subparagraph (B) not paid with the proceeds of the Obligations (which total payment amount shall be calculated to the final maturity of the Obligations): \$30,484,425.37
2. The good faith estimates provided above were based on the information which was presented to the governing board of the Borrower, or presented to the official or officials or committee designated by the governing board of the Borrower to obligate the Borrower in connection with the Obligations or, in the absence of a governing board, presented to the official or officials of the Borrower having authority to obligate the Borrower in connection with the Obligations.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to a variety of factors. The actual interest rates borne by the Obligations and the actual amortization of the Obligations will depend on market interest rates at the time of the issuance of the Obligations. Market interest rates are affected by economic and other factors beyond the control of the Borrower.

The Authority is authorized to make this document available to the public at the Meeting of the Authority.