

# CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

## REGULAR MEETING

\*\*\*TELECONFERENCE MEETING NOTICE and AGENDA\*\*\*

### LOCATIONS LISTED BELOW

10:30 A.M.

Thursday, October 5, 2023

### Zoom Call Information

<https://us02web.zoom.us/j/83090950409?pwd=0m-8petUUMOnlGjf9Cv-ucfTFWNKIK.1>

Meeting ID: 830 9095 0409

Passcode: 866446

One tap mobile

+16699006833,,83090950409#,,,,\*866446# US (San Jose)

+13462487799,,83090950409#,,,,\*866446# US (Houston)

### Call to Order and Roll Call

### Statement of Disclosure

### Action Items

1. Consent Agenda

- a. Approve Minutes from September 21, 2023.

2. Approve Resolution 23-28 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, Refinancing and/or Reimbursing the Cost of Acquisition, Construction, Renovation, Improvement, Equipping and Furnishing of Assisted Living and Skilled Nursing Facilities for the Benefit of Mercy Retirement and Care Center and/or a Related or Successor Entity; Providing the Terms and Conditions for Such Loan Agreement and Other Matters Relating Thereto Herein Specified.

### Public Comment

### Chair 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

Rural County Representatives of  
California (Contact Robert Burris)  
1215 K Street, Suite 1650  
Sacramento, CA 95814

City of Ontario  
(Contact Jennifer Hiramoto)  
303 E. B Street  
Ontario, CA 91764

City of Vista  
(Contact Larry Vaupel)  
200 Civic Center  
Vista, CA 92084

City of West Sacramento  
(Contact Aaron Laurel or  
Sandra Barcnas)  
1110 West Capitol Avenue, 3<sup>rd</sup> Floor  
West Sacramento, CA 95691

Josh Metz  
(Contact Josh Metz)  
5753 Desoto Dr.  
Santa Rosa, Ca 95409

City of Corona  
(Contact Jessica Gonzales)  
400 S. Vicentia Avenue  
Corona, CA 92882

Opportunity Stanislaus  
(Contact Dave White)  
1625 I Street  
Modesto, CA 95354

This agenda can be obtained at <https://ceda.caled.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

**CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY**

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, September 21, 2023

#### Zoom Call Location

<https://us02web.zoom.us/j/83090950409?pwd=0m-8petUUMOnlGjf9Cv-ucfTFWNKIK.1>

Meeting ID: 830 9095 0409

#### Teleconference Locations

California Association for Local Economic Development (Contact Michelle Stephens) 2150 River Plaza Dr., Suite 275 Sacramento, CA 95833	City of Vista (Contact Larry Vaupel) 200 Civic Center Vista, CA 92084	City of Corona (Contact Jessica Gonzales) 400 S. Vicentia Avenue Corona, CA 92882
Rural County Representatives of California (Contact Robert Burris) 1215 K Street, Suite 1650 Sacramento, CA 95814	City of West Sacramento (Contact Aaron Laurel or Sandra Barcenas) 1110 West Capitol Avenue, 3 <sup>rd</sup> Floor West Sacramento, CA 95691	Opportunity Stanislaus (Contact Dave White) 1625 I Street Modesto, CA 95354
City of Ontario (Contact Jennifer Hiramoto) 303 E. B Street Ontario, CA 91764	Josh Metz (Contact Josh Metz) 5753 Desoto Dr. Santa Rosa, Ca 95409	

#### Call to Order

Gurbax Sahota, Chair of the California Enterprise Development Authority, called the meeting to order at 10:32 a.m.

#### Roll Call

Members Present:

Jessica Gonzales

Gurbax Sahota

Larry Vaupel

#### CALED Management/ Staff Present:

Michelle Stephens

#### Public:

Sam Balisy

David Mnatsakanyan

#### Statement of Disclosure

None

#### Action Items

1. Consent Agenda
  - a. Approve Minutes from August 17, 2023.

**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 with the following roll call vote:

# CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

Jessica Gonzales	Yes
Gurbax Sahota	Yes
Larry Vaupel	Yes

2. Approve Resolution 23-26 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, Refinancing and/or Reimbursing the Cost of Acquisition, Construction, Installation, Furnishing and Equipping of Facilities for the Benefit of Truecare Property Holdings, LLC, North County Health Project Incorporated, and/or a Related or Successor Entity; Providing the Terms and Conditions for Such Loan Agreement and Other Matters Relating Thereto Herein Specified.

**Discussion:** Michelle Stephens gave the staff report. Sam Balisy commented on the project.

**Motion:** Board Member Jessica Gonzales made the motion to approve Resolution 23-26. Board Member Larry Vaupel seconded the motion on the floor.

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

Jessica Gonzales	Yes
Gurbax Sahota	Yes
Larry Vaupel	Yes

3. Approve Resolution 23-27 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, Refinancing, and/or Reimbursing the Cost of the Acquisition, Construction, Improvement, Equipping and Furnishing of Healthcare Facilities for the Benefit of Community Health Systems, Inc. and/or a Related or Successor Entity; Providing the Terms and Conditions for Such Loan Agreement and Other Matters Relating Thereto Herein Specified.

**Discussion:** Michelle Stephens gave the staff report. Sam Balisy commented on the project.

**Motion:** Board Member Larry Vaupel made the motion to approve Resolution 23-27. Board Member Jessica Gonzales seconded the motion on the floor.

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

Jessica Gonzales	Yes
Gurbax Sahota	Yes
Larry Vaupel	Yes

## **Public Comment**

None

## **Chair Report**

Gurbax Sahota updated the board on the CEDA audit and staff's decision to go to RFQ. There will be a meeting on October 5<sup>th</sup>.

## **Other Business**

None

## **Adjournment**

*Motion: Jessica Gonzales made the motion to adjourn the meeting. Larry Vaupel seconded the motion on the floor. Chair Gurbax Sahota adjourned the meeting at 10:45 am after the roll call vote.*

# CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

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

Jessica Gonzales	Yes
Gurbax Sahota	Yes
Larry Vaupel	Yes

## Staff Report

<b>Action Requested</b>	Approve Resolution 23-28 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, Refinancing and/or Reimbursing the Cost of Acquisition, Construction, Renovation, Improvement, Equipping and Furnishing of Assisted Living and Skilled Nursing Facilities for the Benefit of Mercy Retirement and Care Center 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>	Mercy Retirement and Care Center
<b>Borrower Description</b>	<p>Mercy Retirement and Care Center (MRCC) is a 166-unit continuing care retirement community that traces its roots back over 150 years and has been operating its Oakland site since 1908. MRCC operates as a California nonprofit and is one of five communities which is owned and managed by Elder Care Alliance (“ECA”).</p> <p>In addition to MRCC, ECA operates four additional communities in California for a total of 657 units. MRCC is the only facility providing skilled nursing within the ECA footprint. The Institute of the Sisters of Mercy of the Americas, a public juridic person of the Roman Catholic Church, is the Facility and Program Sponsor of MRCC. The Sisters of Mercy, better known for starting organizations such as Mercy Housing and Dignity Health, founded MRCC more than 150 years ago. They continue to support MRCC and ECA through the formal Facility and Program Sponsor relationship.</p> <p>MRCC is looking to refund their 2019 taxable bond, which has a current balance of \$24,500,000 (principal + accrued interest), in addition to terminating the existing swaps, for an amount of \$25,000,000. MRCC will also be required to fund a 2-year reserve from cash contribution equal to 2-years of estimated debt service payments. All associated costs of issuance will be paid directly by MRCC.</p>
<b>Public Benefits</b>	The tax-exempt financing will allow Mercy Retirement and Care Center to realize savings that can be put into rehabilitating 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; and</li> <li>■ Proposed financing is appropriate for the project.</li> </ul>
<b>Recommendation</b>	Staff recommends approval of Resolution 23-28.

**RESOLUTION NO. 23-28**

**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, REFINANCING, AND/OR REIMBURSING THE COST OF THE ACQUISITION, CONSTRUCTION, RENOVATION, IMPROVEMENT, EQUIPPING AND FURNISHING OF ASSISTED LIVING AND SKILLED NURSING FACILITIES FOR THE BENEFIT OF MERCY RETIREMENT AND CARE CENTER 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 City of Oakland, California (the “City”) is an associate member of the Authority and is authorized to acquire and dispose of property, both real and personal, pursuant to the provisions of Article 1, Chapter 5, Part 2 of Division 3 of Title 4 of the Government Code of the State of California; 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**, Mercy Retirement and Care Center, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (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

\$30,000,000 to the Borrower and/or a related or successor entity for the purpose of (1) financing, refinancing, and/or reimbursing the cost of the acquisition, construction, renovation, improvement, equipping and/or furnishing of assisted living and skilled nursing facilities located at 3431 Foothill Boulevard, Oakland, California 94601 (collectively, the “Facilities”); and (2) paying certain financing and other costs incurred in connection with the issuance of the Authority Loans, defined below; and

**WHEREAS**, the Authority intends to use the proceeds of one or more tax-exempt and/or taxable loans from Zions Bancorporation, N.A., dba California Bank & Trust, a national banking association, or its successor (the “Lender”), to the Authority (collectively, the “Authority 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**, based on representations of the Borrower, the Borrower and the Facilities provide significant benefits to the residents of the City in connection with the Borrower’s mission of providing a supportive environment to care for the needs of the frail and elderly through a holistic approach to long-term and end of life care; and, based on representations of the Borrower, the Facilities also create and retain employment opportunities for the City’s residents; and

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

**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, refinancing and/or reimbursing the Facilities.

**Section 2.** The Authority hereby approves the Authority Loans, the interest with respect to which will be excluded from gross income for federal income tax purposes and/or included in gross income for federal income tax purposes, as provided in the Loan Agreement, and the use of 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/or included in gross income for federal income tax purposes, as provided in the Loan Agreement, and the making of the Borrower Loans to the Borrower in an amount not to exceed \$30,000,000 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 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 City has held the requisite hearing and the Mayor of the City has 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 5<sup>th</sup> day of October 2023.

CALIFORNIA ENTERPRISE  
DEVELOPMENT AUTHORITY

By \_\_\_\_\_  
Gurbax Sahota, 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 5, 2023.

---

Michelle Stephens, Assistant Secretary

ATTACHMENT I  
PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, Mercy Retirement and Care Center, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, and/or a related or successor entity (collectively, 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 5, 2023 (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 \$30,000,000 (the “Obligations”).

1. Zions Bancorporation, N.A., dba California Bank & Trust, as a 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): 6.0963%
  - B. The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: \$411,750 (which includes, among other fees, the conduit issuer fee)
  - 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: \$30,000,000
  - 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): \$58,435,215
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.