

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

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

10:30 A.M.

Thursday, November 29, 2018

Teleconference Phone Information

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

Call to Order and Roll Call Statement of Disclosure

Action Items

1. Approve Minutes from the Regular Meeting on November 15, 2018.
2. Approve Resolution No. 18-100 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 the Cost of Acquiring, Developing, Constructing, Installing, Equipping and Furnishing Affordable Housing Facilities for the Benefit of Sequoia Affordable Housing Foundation, SAHF Shadowridge, LLC 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 No. 18-101 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 the Cost of Acquiring, Developing, Constructing, Installing, Equipping and Furnishing Affordable Housing Facilities for the Benefit of Sequoia Affordable Housing Foundation, SAHF Shadowridge, LLC and/or a Related or Successor Entity; Providing the Terms and Conditions for Such Loan Agreement and Other Matters Relating Thereto Herein Specified.

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 Helen Schaubmayer)
550 Bercut Drive, Suite G
Sacramento, CA 95811

City of Vista
(contact Kevin Ham or
Reception)
200 Civic Center Dr.
Vista, CA 92084

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

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

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

Los Angeles County
Economic Development
Corporation (LAEDC)
(contact Carrie Rogers or
Linden Johnson)
444 S. Flower St., 37th Floor
Los Angeles, CA 90071

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

County of Stanislaus (contact Keith Boggs or Sheryl Swartz) 1010 10 th Street, Room 5003 Modesto, CA 95354	City of West Sacramento (contact Aaron Laurel or Polly Harris) 1110 West Capitol Avenue, 3 rd Floor West Sacramento, CA 95691
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This agenda can be obtained at www.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. 16.

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

MINUTES
Regular Meeting
*****TELECONFERENCE MEETING*****
CEDA BOARD OF DIRECTORS
Thursday, November 15, 2018

Teleconference Locations

California Association for Local Economic Development (contact Helen Schaubmayer) 550 Bercut Drive, Suite G Sacramento, CA 95811	City of Vista (contact Kevin Ham or Reception) 200 Civic Center Dr. Vista, CA 92084	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	Los Angeles County Economic Development Corporation (LAEDC) (contact Carrie Rogers or Linden Johnson) 444 S. Flower St., 37 th Floor Los Angeles, CA 90071
County of Stanislaus (contact Keith Boggs or Sheryl Swartz) 1010 10 th Street, Suite 5003 Modesto, CA 95354	City of West Sacramento (contact Aaron Laurel or Polly Harris) 1110 West Capitol Avenue, 3 rd Floor West Sacramento, CA 95691	

Call to Order

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

Roll Call

Members Present: Jason Crawford
Kevin Ham*
Aaron Laurel
Gurbax Sahota
Margaret Silveira

CALED Management/Staff

Present: Jillian Boyd
Helen Schaubmayer

Public: Michael Karlosky, Dividend Finance
Michael Manduca, James Marta & Company LLP

*Joined late

Statement of Disclosure

Board Chair Gurbax Sahota stated that Action Item number 2, Resolution No. 18-95, will be pulled from the posted agenda as further work is required on the project.

Action Items

1. Approve Minutes from the Regular Meeting on November 1, 2018.

Motion: Board Member Margarate Silveira made the motion to approve minutes from the Regular Meeting on November 1, 2018. Board Member Jason Crawford seconded the motion on the floor.

The motion passed with the following roll call vote:

Jason Crawford	Aye
Aaron Laurel	Aye
Gurbax Sahota	Aye
Margaret Silveira	Aye

2. Approve Resolution No. 18-96 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 or Acquiring, Developing, Constructing, Installing, Equipping and Furnishing Educational Facilities for the Benefit of Berkeley Montessori School, 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: Helen briefed the board that the Berkeley School is a nonprofit school system located on two campuses (K-8 Campus and Early Childhood Campus) in Berkeley with a mission of preparing students to become successful lifelong learners, innovators, and creators. Berkeley Montessori School, Inc. requests the Authority to make one or more loans in the aggregate principal amount not to exceed \$510,000 for refinancing outstanding debt which was used to finance and refinance costs related to educational facilities located at University Avenue and Francisco Street in Berkeley. Sam Balisy stated that the original financing was done through ABAG in 2013. Now that ABAG is defunct, the modified loan terms were done through CEDA.

Motion: Board Member Margaret Silveira made the motion to approve Resolution No. 18-96. Board Member Kevin Ham seconded the motion on the floor.

The motion passed with the following roll call vote:

Jason Crawford	Aye
Kevin Ham	Aye
Aaron Laurel	Aye
Gurbax Sahota	Aye
Margaret Silveira	Aye

3. Approve Resolution No. 18-97 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 Educational Facilities for the Benefit of Emek Hebrew Day School, and/or a Related or Successor Entity; Providing the Terms and Conditions for Such Loan Agreement and Other Matters Relating Thereto Herein Specified.

Discussion: Helen briefed the board that Emek Hebrew Day School, a nonprofit religious organization, was founded in 1960 to serve the Greater Los Angeles Jewish Community and serves students from pre-kindergarten through eighth grade. Emek Hebrew Day School requests the Authority to facilitate the issuance of revenue obligations in an aggregate principal amount not to exceed \$5,800,000 for financing, refinancing or reimbursing costs related to its elementary and middle school campus in Sherman Oaks, an adjacent property for parking and a student playground, and its early childhood center in North Hollywood.

Motion: Board Member Kevin Ham made the motion to approve Resolution No. 18-97. Board Member Jason Crawford seconded the motion on the floor.

The motion passed with the following roll call vote:

Jason Crawford	Aye
Kevin Ham	Aye

Aaron Laurel	Aye
Gurbax Sahota	Aye
Margaret Silveira	Aye

4. Approve Resolution No. 18-98 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 Educational Facilities for the Benefit of The Laurence School, and/or a Related or Successor Entity; Providing the Terms and Conditions for Such Loan Agreement and Other Matters Relating Thereto Herein Specified.

Discussion: Helen briefed the board that The Laurence School, founded in 1953, is a co-ed program that currently serves approximately 325 students in Kindergarten through 6th grade. The School is located in Van Nuys, but students come from throughout the Los Angeles region. The Laurence School requests the Authority to facilitate the issuance of revenue obligations in an aggregate principal amount not to exceed \$10,000,000 for financing the acquisition of real property located at Woodman Avenue, Van Nuys and refinancing or reimbursing the School for costs related to various properties in Van Nuys and Valley Glen. Sam Balisy stated that this is a follow-on to a 2017 CEDA financing and allows them to buy a final parcel for their project.

Motion: *Board Member Jason Crawford made the motion to approve Resolution No. 18-98. Board Member Aaron Laurel seconded the motion on the floor.*

The motion passed with the following roll call vote:

Jason Crawford	Aye
Kevin Ham	Aye
Aaron Laurel	Aye
Carrie Rogers	Aye
Gurbax Sahota	Aye
Margaret Silveira	Aye

5. Approve Resolution No. 18-99 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 Educational Facilities for the Benefit of Lutheran High School Association of Orange County and/or a Related or Successor Entity; Providing the Terms and Conditions for Such Loan Agreement and Other Matters Relating Thereto Herein Specified..

Discussion: Helen briefed the board that The Lutheran High School Association of Orange County is a privately funded and operated college preparatory school located in Orange, California and was founded in 1973. Today this co-educational school has 255 full-time employees that serve approximately 1,371 students. Lutheran High School Association of Orange County requests the Authority to make one or more loans in the aggregate principal amount not to exceed \$17,000,000 for refinancing and financing costs related to real property and improvements located at North Santiago Boulevard, Orange. Sam Balisy stated that this is a refunding of a 2010 CEDA deal with them.

Motion: *Board Member Margaret Silveira made the motion to approve Resolution No. 18-99. Board Member Jason Crawford seconded the motion on the floor.*

The motion passed with the following roll call vote:

Jason Crawford	Aye
Kevin Ham	Aye
Aaron Laurel	Aye
Gurbax Sahota	Aye
Margaret Silveira	Aye

6. Review and Approve Audit and Audit Findings.

Discussion: Gurbax introduced Michael Manduca from James Marta & Company, LLP. Michael Manduca briefed the Board about the audit and findings and stated CEDA received an auditor option (unmodified) and is in a strong net position.

Motion: *Board Member Kevin Ham made the motion to approve the Audit and Audit Findings. Board Member Margaret Silveira seconded the motion on the floor.*

The motion passed with the following roll call vote:

Jason Crawford	Aye
Kevin Ham	Aye
Aaron Laurel	Aye
Gurbax Sahota	Aye
Margaret Silveira	Aye

7. Approve Document Retention/Destruction Policy.

Discussion: Helen briefed the board that this policy ensures that the Authority adequately protects and maintains necessary records and documents and discards records that are no longer needed in an appropriate way and at the appropriate time.

Motion: *Board Member Jason Crawford made the motion to approve the Document Retention/Destruction Policy. Board Member Aaron Laurel seconded the motion on the floor.*

The motion passed with the following roll call vote:

Jason Crawford	Aye
Kevin Ham	Aye
Aaron Laurel	Aye
Gurbax Sahota	Aye
Margaret Silveira	Aye

8. Approve Mobile Electronic Device and Use Policy.

Discussion: Helen briefed the board that this policy provides minimum standards of CALED employees serving as Authority representatives regarding the use of both Authority-provided and personally-owned mobile electronic devices including cellular phones, tablets, etc. for purposes of the Authority.

Motion: *Board Member Kevin Ham made the motion to approve the Mobile Electronic Device and Use Policy. Board Member Margaret Silveira seconded the motion on the floor.*

The motion passed with the following roll call vote:

Jason Crawford	Aye
Kevin Ham	Aye
Aaron Laurel	Aye
Gurbax Sahota	Aye
Margaret Silveira	Aye

9. Approve Electronic Media Policy.

Discussion: Helen briefed the board that this policy provides minimum standards of CALED employees serving as Authority representatives regarding the use of electronic media including computers, email, telephones, etc. capable of sending, receiving, and accessing various types of communications for purposes of the Authority.

Motion: Board Member Jason Crawford made the motion to approve the Electronic Media Policy. Board Member Kevin Ham seconded the motion on the floor.

The motion passed with the following roll call vote:

Jason Crawford	Aye
Kevin Ham	Aye
Aaron Laurel	Aye
Gurbax Sahota	Aye
Margaret Silveira	Aye

10. Approve Consent Agenda Policy.

Discussion: Helen briefed the board that this policy provides an efficient process for approval of routine items that come before the board during Authority meetings. These items will be grouped into one consent agenda action item and approved via roll call vote.

Motion: Board Member Margaret Silveira made the motion to approve the Consent Agenda Policy. Board Member Kevin Ham seconded the motion on the floor.

The motion passed with the following roll call vote:

Jason Crawford	Aye
Kevin Ham	Aye
Aaron Laurel	Aye
Gurbax Sahota	Aye
Margaret Silveira	Aye

11. Approve Economic Development Opportunity Fund (EDOF) Contribution Guidelines.

Discussion: Helen briefed the board that this document provides guidelines for providing funding for EDOF contributions as part of the Authority's annual budgetary process. EDOF contributions shall assist certain organizations in undertaking and completing projects that will provide public benefits to CEDA members and their residents, such as financing development projects and other economic development public purpose projects..

Motion: Board Member Aaron Laurel made the motion to approve the Economic Development Opportunity Fund (EDOF) Contribution Guidelines. Board Member Margaret Silveira seconded the motion on the floor.

The motion passed with the following roll call vote:

Jason Crawford	Aye
Kevin Ham	Aye
Aaron Laurel	Aye
Gurbax Sahota	Aye
Margaret Silveira	Aye

Public Comment

Chair Report

Gurbax briefed that many deals are anticipated to close by the end of the calendar year; therefore, it should be anticipated that there will be several meetings through December.

PACE Report

Other Business

Adjournment

Motion: Board Member Margaret Silveira made the motion to adjourn the meeting. Board Member Kevin ham seconded the motion on the floor. Board Chair, Gurbax Sahota adjourned the meeting at 11:05 am by voice vote.

Staff Report

Action Requested	Approve Resolution No. 18-100 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 the Cost of Acquiring, Developing, Constructing, Installing, Equipping and Furnishing Affordable Housing Facilities for the Benefit of Sequoia Affordable Housing Foundation, SAHF Shadowridge, LLC and/or a Related or Successor Entity; Providing the Terms and Conditions for Such Loan Agreement and Other Matters Relating Thereto Herein Specified.
Borrower(s)	Sequoia Affordable Housing Foundation (SAHF)
Borrower Description	<p>Sequoia Affordable Housing Foundation (SAHF) was organized in 2018 as a California non-profit corporation with a mission to provide affordable, high quality assisted living facilities for low-income seniors and other qualified individuals. SAHF is seeking tax-exempt financing to purchase an existing assisted living facility in order to bring the facility into a non-profit ownership structure to prevent increased occupancy costs for current and future residents. The project is located in Vista, California with 25 bedrooms and 48 beds licensed for elderly residential care.</p> <p>Web site: n/a</p> <p>Sequoia Affordable Housing Foundation and its wholly owned affiliate, SAHF Shadowridge, LLC, request the Authority to facilitate the issuance of revenue obligations in an aggregate principal amount not to exceed \$5,000,000 to finance the cost of the acquisition, renovation, equipping and furnishing of senior care facilities located at 2354 Watson Way, Vista, California consisting of an approximately 14,600 square foot assisted living residential facility with approximately 48 beds and ancillary and related facilities and pay certain costs of issuance in connection with the financing. This resolution is for the senior loan.</p>
Public Benefits	This tax-exempt financing will provide Sequoia Affordable Housing Foundation with lower debt service payments, enabling it to invest money back into the organization's operations.
TEFRA Hearing	A public hearing was held by the County of San Diego on November 13, 2018.
Eligibility and Policy Review	<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"> ■ The Borrower is capable of meeting the obligations incurred under the financing documents; ■ The Payments to be made are adequate to pay the expenses of CEDA in connection with the financing and to pay debt service; ■ Proposed financing is appropriate for the project.
Recommendation	Staff recommends approval of Resolution No. 18-100 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 the Cost of Acquiring, Developing, Constructing, Installing, Equipping and Furnishing Affordable Housing Facilities for the Benefit of Sequoia Affordable Housing Foundation, SAHF Shadowridge, LLC 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. 18-100

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 THE COST OF ACQUIRING, DEVELOPING, CONSTRUCTING, INSTALLING, EQUIPPING AND FURNISHING AFFORDABLE HOUSING FACILITIES FOR THE BENEFIT OF SEQUOIA AFFORDABLE HOUSING FOUNDATION, SAHF SHADOWRIDGE, LLC 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 San Diego, California (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 Sequoia Affordable Housing Foundation, a California nonprofit public benefit corporation ((the “Foundation”), and its wholly owned affiliate, SAHF Shadowridge, LLC, a California limited liability company (or a successor or related entity) (the “Borrower”), has requested that the Authority facilitate the issuance of revenue obligations in an aggregate principal amount not to exceed \$5,000,000 (the “Obligations”), the proceeds of which are to be loaned to the Borrower to (a) finance the cost of the acquisition, renovation, equipping and furnishing of senior care facilities located at 2354 Watson Way, Vista, California, 92081,

consisting of an approximately 14,600 square foot assisted living residential facility with approximately 48 beds and ancillary and related facilities (the “Facilities”); and (b) pay certain costs of issuance in connection with such financing; and

WHEREAS, the Authority intends to use the proceeds of one or more taxable and/or tax-exempt loans from Pacific Western Bank or its successor (the “Lender”), to the Authority (collectively, the “Authority Loan”) to make the Borrower Loan; 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 Authority Loan, 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 senior assisted living and memory care services provided by the 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 Loan, the interest with respect to which will initially be includable in gross income for federal income tax purposes but, upon the satisfaction of certain conditions set forth in the Loan Agreement, will be excluded from gross income for federal income tax purposes, and using the proceeds thereof to make the Borrower Loan pursuant to the terms and provisions of the 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 the Authority) under the Borrower Loan.

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 Loan, the interest with respect to which will initially be includable in gross income for federal income tax purposes but, upon the satisfaction of certain conditions set forth in the Loan Agreement, including receipt by the Foundation of a determination letter from the Internal Revenue Service that it is an organization classified under Section 501(c)(3) of the Code, will be excluded from gross income for federal income tax purposes, and the making of the Borrower Loan to the Borrower in an amount not to exceed \$5,000,000 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 Loan shall be made solely from the revenues to be received by the Authority from the Borrower Loan pursuant to the Loan Agreement, and the Authority Loan shall not be deemed to constitute a debt or liability of the State of California or any political subdivision thereof. The Authority Loan 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 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 Facilities, any assignment by the Lender to an affiliate of the Lender, accredited investor or qualified institutional buyer or any prepayment of the Borrower Loan, 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 Loan and the Borrower Loan 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 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.

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 has approved the making of the Authority Loan pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended.

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

PASSED AND ADOPTED this 29th day of November, 2018.

CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY

By _____
Gurbax Sahota, Chair

Attest:

By _____
Helen Schaubmayer, 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 November 29, 2018.

Helen Schaubmayer, Assistant Secretary

Attachment I

PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, Sequoia Affordable Housing Foundation, 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 November 29, 2018 (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 \$5,000,000 (the “Obligations”).

1. Pacific Western Bank, 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): 5.26830%.
 - B. The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: \$217,500 (which includes the lender’s origination fee of \$50,000 and the Authority’s issuer fee of \$12,500).
 - 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: \$4,382,500.
 - 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): \$7,168,348.60.
2. The good faith estimates provided above were based on the information in Schedule I 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.

SCHEDULE I

Lender's Original Issue Discount	\$50,000
Costs of Issuance	\$217,500
Capitalized Interest	\$400,000
Interest Rate Prior to Conversion (12/04/2018 to 09/01/2019)	6.25%
Interest Rate After Conversion (09/01/2019 to 06/01/2050)	4.50%

Staff Report

Action Requested	Approve Resolution No. 18-101 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 the Cost of Acquiring, Developing, Constructing, Installing, Equipping and Furnishing Affordable Housing Facilities for the Benefit of Sequoia Affordable Housing Foundation, SAHF Shadowridge, LLC and/or a Related or Successor Entity; Providing the Terms and Conditions for Such Loan Agreement and Other Matters Relating Thereto Herein Specified.
Borrower(s)	Sequoia Affordable Housing Foundation (SAHF)
Borrower Description	<p>Sequoia Affordable Housing Foundation (SAHF) was organized in 2018 as a California non-profit corporation with a mission to provide affordable, high quality assisted living facilities for low-income seniors and other qualified individuals. SAHF is seeking tax-exempt financing to purchase an existing assisted living facility in order to bring the facility into a non-profit ownership structure to prevent increased occupancy costs for current and future residents. The project is located in Vista, California with 25 bedrooms and 48 beds licensed for elderly residential care.</p> <p>Web site: n/a</p> <p>Sequoia Affordable Housing Foundation and its wholly owned affiliate, SAHF Shadowridge, LLC request the Authority to facilitate the issuance of revenue obligations in an aggregate principal amount not to exceed \$2,500,000 to finance the cost of the acquisition, renovation, equipping and furnishing of senior care facilities located at 2354 Watson Way, Vista, California consisting of an approximately 14,600 square foot assisted living residential facility with approximately 48 beds and ancillary and related facilities and pay certain costs of issuance in connection with the financing. This resolution is for the subordinate loan.</p>
Public Benefits	This tax-exempt financing will provide Sequoia Affordable Housing Foundation with lower debt service payments, enabling it to invest money back into the organization's operations.
TEFRA Hearing	A public hearing was held by the County of San Diego on November 13, 2018.
Eligibility and Policy Review	<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"> ■ The Borrower is capable of meeting the obligations incurred under the financing documents; ■ The Payments to be made are adequate to pay the expenses of CEDA in connection with the financing and to pay debt service; ■ Proposed financing is appropriate for the project.
Recommendation	Staff recommends approval of Resolution No. 18-101 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 the Cost of Acquiring, Developing, Constructing, Installing, Equipping and Furnishing Affordable Housing Facilities for the Benefit of Sequoia Affordable Housing Foundation, SAHF Shadowridge, LLC 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. 18-101

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 THE COST OF ACQUIRING, DEVELOPING, CONSTRUCTING, INSTALLING, EQUIPPING AND FURNISHING AFFORDABLE HOUSING FACILITIES FOR THE BENEFIT OF SEQUOIA AFFORDABLE HOUSING FOUNDATION, SAHF SHADOWRIDGE, LLC 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 San Diego, California (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 Sequoia Affordable Housing Foundation, a California nonprofit public benefit corporation ((the "Foundation"), and its wholly owned affiliate, SAHF Shadowridge, LLC, a California limited liability company (or a successor or related entity) (the "Borrower"), has requested that the Authority facilitate the issuance of revenue obligations in an aggregate principal amount not to exceed \$2,500,000 (the "Obligations"), the proceeds of which are to be loaned to the Borrower to (a) finance the cost of the acquisition, renovation, equipping and furnishing of senior care facilities located at 2354 Watson Way, Vista, California, 92081,

consisting of an approximately 14,600 square foot assisted living residential facility with approximately 48 beds and ancillary and related facilities (the “Facilities”); and (b) pay certain costs of issuance in connection with such financing; and

WHEREAS, the Authority intends to use the proceeds of one or more taxable and/or tax-exempt loans from Alan Ray Short, Jr. and Valerie Short, as Trustees of The Short Family Trust, u/d/t dated January 28, 2002, or any successor thereto (the “Lender”), to the Authority (collectively, the “Authority Loan”) to make the Borrower Loan; 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 Authority Loan, 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 senior assisted living and memory care services provided by the 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 Loan, the interest with respect to which will initially be includable in gross income for federal income tax purposes but, upon the satisfaction of certain conditions set forth in the Loan Agreement, will be excluded from gross income for federal income tax purposes, and using the proceeds thereof to make the Borrower Loan pursuant to the terms and provisions of the 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 the Authority) under the Borrower Loan.

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 Loan, the interest with respect to which will initially be includable in gross income for federal income tax purposes but, upon the satisfaction of certain conditions set forth in the Loan Agreement, including receipt by the Foundation of a determination letter from the Internal Revenue Service that it is an organization classified under Section 501(c)(3) of the Code, will be excluded from gross income for federal income tax purposes, and the making of the Borrower Loan to the Borrower in an amount not to exceed \$2,500,000 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 Loan shall be made solely from the revenues to be received by the Authority from the Borrower Loan pursuant to the Loan Agreement, and the Authority Loan shall not be deemed to constitute a debt or liability of the State of California or any political subdivision thereof. The Authority Loan 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 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 Facilities, any assignment by the Lender to an affiliate of the Lender, accredited investor or qualified institutional buyer or any prepayment of the Borrower Loan, 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 Loan and the Borrower Loan 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 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.

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 has approved the making of the Authority Loan pursuant to Section 147(f) of the Code.

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

PASSED AND ADOPTED this 29th day of November, 2018.

CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY

By _____
Gurbax Sahota, Chair

Attest:

By _____
Helen Schaubmayer, 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 November 29, 2018.

Helen Schaubmayer, Assistant Secretary

Attachment I

PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, Sequoia Affordable Housing Foundation, 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 November 29, 2018 (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 \$2,500,000 (the “Obligations”).

1. Pacific Western Bank, 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): 8.64412%.
 - B. The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: \$107,500 (which includes the lender’s origination fee of \$25,000 and the Authority’s issuer fee of \$6,250).
 - 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: \$2,192,500.
 - 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): \$4,498,333.33.
2. The good faith estimates provided above were based on the information in Schedule I 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.

SCHEDULE I

Lender's Original Issue Discount	\$25,000
Costs of Issuance	\$107,500
Capitalized Interest	\$200,000
Interest Rate	8.00%