

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

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

10:30 A.M.

Thursday, February 14, 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 January 31, 2019.
2. Approve Resolution No. 19-19 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 Developing, Constructing, Installing, Improving, Equipping and Furnishing Certain Educational Facilities, Student Dormitories and Other Related Facilities for the Benefit of Orangewood Real Property LLC, 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)
180 Promenade Cir., Room 386
Sacramento, CA 95834

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

County of Stanislaus
(contact Keith Boggs or Sheryl
Swartz)
1010 10th Street, Room 5003
Modesto, CA 95354

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

This agenda can be obtained at www.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 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, January 31, 2019

Teleconference Locations

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Call to Order

Gurbax Sahota, Board Chair of the California Enterprise Development Authority, called the meeting to order at 10:30am.

Roll Call

Members Present: Mather Kearney
Carrie Rogers
Gurbax Sahota

CALED Management/Staff

Present: Helen Schaubmayer

Public: Sam Balisy, Kutak Rock
Kirk Dowdell, Dowdell Consulting Group
John Luker, Orangewood Foundation

Statement of Disclosure

None

Action Items

1. Approve Consent Agenda.

Motion: Board Member Carrie Rogers made the motion to approve the Consent Agenda. Board Member Mather Kearney seconded the motion on the floor.

The motion passed with the following roll call vote:

Mather Kearney	Aye
Carrie Rogers	Aye
Gurbax Sahota	Aye

2. Approve Resolution No. 19-18 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 refinancing the cost of acquiring, developing, constructing, installing, equipping and furnishing facilities for the benefit of Orangewood Foundation and/or a Related or Successor Entity and authorizing the execution of certain documents and other matters related thereto.

Discussion: Helen briefed the board that Orangewood Foundation provides support to over 2,000 current and former foster children throughout Orange County. Its programs focus on four areas: basic needs, housing, life skills & employment, and education. The Foundation's headquarters are located in Santa Ana where it conducts its administrative and grant writing programs. Additionally, this location houses a drop-in center for transitional age youth. John Luker with Orangewood Foundation thanked the board for considering the financing. He stated that the organization has been around for 40 years working with foster youth. Kirk Dowdell stated that Jeff Spinelli with F&M Bank has been a great partner on this project.

Motion: Board Member Carrie Rogers made the motion to approve Resolution No. 19-18. Board Member Mather Kearney seconded the motion on the floor.

The motion passed with the following roll call vote:

Mather Kearney	Aye
Carrie Rogers	Aye
Gurbax Sahota	Aye

Public Comment

Chair Report

Gurbax Sahota provided an update on annual debt reporting required by the Treasurer's office (STO) for bond issuances. CEDA is working on trying to get training to fill out the form from the STO. The STO said that this may be feasible after approval following the soft deadline of January 31st.

PACE Report

Other Business

Adjournment

Motion: Board Member Mather Kearney made the motion to adjourn the meeting. Board Member Carrie Rogers seconded the motion on the floor. Board Chair, Gurbax Sahota adjourned the meeting at 10:38 am by voice vote.

Staff Report

Action Requested	Approve Resolution No. 19-19 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 Developing, Constructing, Installing, Improving, Equipping and Furnishing Certain Educational Facilities, Student Dormitories and Other Related Facilities for the Benefit of Orangewood Real Property LLC, Providing the Terms and Conditions for Such Loan Agreement and Other Matters Relating Thereto Herein Specified.
Borrower(s)	Orangewood Real Property, LLC (Occupant=Samueli Academy)
Borrower Description	<p>Orangewood Real Property LLC is a California limited liability company that owns the facilities leased to Samueli Academy, a 501(c)(3) California nonprofit public benefit corporation. Samueli Academy is a charter high school located in Santa Ana serving students in grades 9 through 12 that offers scholastic achievement based on creative, sustainable and entrepreneurial approaches. The Academy’s mission is to provide a transformational learning environment to community, underserved and foster teens that offers consistency, stability, support, and a community in which to belong, thrive, and grow into successful, independent adults. Upon completion of the improvements, the Academy will add a junior high school (Grades 7 & 8), student innovation building, gym, soccer fields, and a 48-unit dormitory.</p> <p>Web site of Facilities Lessee, Samueli Academy: http://samueliacademy.org/</p> <p>Orangewood Real Property LLC requesting the Authority to make one or more loans in the aggregate principal amount not to exceed \$32,500,000 to the Borrower for financing and refinancing the cost of developing, constructing, installing, improving, equipping and furnishing educational facilities consisting of classrooms, a student innovation center, a 16,000 square foot gymnasium, an outdoor soccer field, a 48 room student dormitory and other related facilities on a 7.1 acre parcel of land located at 1901 and 1919 North Fairview Street, Santa Ana, California and paying certain costs of issuance.</p>
Public Benefits	The tax-exempt financing will allow Orangewood Real Property, LLC to put realized savings back into their operations.
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. 19-19 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 Developing, Constructing, Installing, Improving, Equipping and Furnishing Certain Educational Facilities, Student Dormitories and Other Related Facilities for the Benefit of Orangewood Real Property LLC, Providing the Terms and Conditions for Such Loan Agreement and Other Matters Relating Thereto Herein Specified.

RESOLUTION NO. 19-19

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 DEVELOPING, CONSTRUCTING, INSTALLING, IMPROVING, EQUIPPING AND FURNISHING CERTAIN EDUCATIONAL FACILITIES, STUDENT DORMITORIES AND OTHER RELATED FACILITIES FOR THE BENEFIT OF ORANGEWOOD REAL PROPERTY LLC, 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 loan agreements to, among other things, finance or refinance facilities owned and/or leased and operated by organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”); and

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

WHEREAS, the City of Santa Ana (the “City”) 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 for the purposes of carrying out its purposes; and

WHEREAS, Orangewood Real Property LLC, a California limited liability company (the “Borrower”), whose sole member is Orangewood Foundation, a California nonprofit public benefit corporation, 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 \$32,500,000 to the Borrower for the purpose of financing and refinancing the cost of developing, constructing, installing, improving, equipping and furnishing educational facilities consisting of classrooms, a student innovation center, a 16,000 square foot gymnasium, an outdoor soccer field,

a 48 room student dormitory and other related facilities on a 7.1 acre parcel of land located at 1901 and 1919 North Fairview Street, Santa Ana, California (the “Facilities”) and paying certain costs of issuance in connection with the Loans (as defined below); and

WHEREAS, the Authority intends to use the proceeds of one or more tax exempt loans from Farmers and Merchants Bank of Long Beach (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 the 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”), 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 estimate by the Lender; and

WHEREAS, the Facilities provide significant benefits to the residents of the City and surrounding community through the educational services provided by the Borrower and the lessee of the Facilities, Samueli Academy, a California nonprofit public benefit corporation and charter school, 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; and

WHEREAS, the Council of the City held a public hearing and adopted a resolution approving the Authority Loans to finance and refinance the Facilities pursuant to Section 147(f) of the Code on February 5, 2019.

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

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

Section 2. The City has held the requisite hearing and has approved the issuance of the Authority Loans pursuant to Section 147(f) of the Code.

Section 3. 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 4. 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 5. 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 6. 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 \$32,500,000 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 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 7. 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 8. 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 9. 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 10. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this February 14, 2019.

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 February 14, 2019.

Helen Schaubmayer, Assistant Secretary

Attachment I

PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, Orangewood Real Property LLC, a California limited liability company (the “Borrower”), whose sole member is Orangewood Foundation, a California nonprofit public benefit corporation, 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 February 14, 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 \$32,500,000.00 (the “Obligations”).

1. Farmers and Merchants Bank of Long Beach, as private placement lender, engaged by the Borrower provided the Borrower with the required good faith estimates relating to the Obligations as follows (as further detailed in Schedule A attached hereto):
 - 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):4.0143%.
 - B. The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: \$515,000.
 - 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: \$ 31,985,000.
 - 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): \$41,200,429.65.
2. The good faith estimates provided above were based on the information in Schedule A 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 A

Series A of the Obligations	
Principal Amount	\$20,500,000.00
Interest Rate	3.75%
Estimated Costs of Issuance	\$309,000
Maturity Date	March 1, 2046
Interest-Only Period	April 1, 2021
First Interest Payment Date	April 1, 2019
First Principal Payment Date	April 1, 2021
Amortization Period	25 years
Series B of the Obligations	
Principal Amount	\$12,000,000.00
Interest Rate	3.75%
Estimated Costs of Issuance	\$206,000
Maturity Date	January 1, 2024
Interest-Only Period	January 1, 2022
First Interest Payment Date	April 1, 2019
First Principal Payment Date	January 1, 2022
Amortization Period (Equal Annual Payments)	3 years