

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (IBank)
501(c)(3) REVENUE BOND FINANCING PROGRAM**

STAFF REPORT

EXECUTIVE SUMMARY

Applicant:	The Archer School for Girls, Inc. ("Archer" or "Borrower")	Amount Requested:	Not to exceed \$28,000,000
Applicant Description:	The Borrower is a non-profit public benefit corporation founded in 1995 as an independent college preparatory school for girls in grades 6-12.		
Type of Financing:	Conduit Tax-exempt Fixed and/or Variable Rate Obligations ("Obligations")		
Project Description:	The project (Project) will provide funding to (1) finance and refinance all or a portion of the acquisition, construction, improvement, furnishing and equipping of certain educational facilities, including related administrative facilities, site improvements, and parking, located at 141 No. Barrington Avenue, Los Angeles, California 90049, and 11728 Chaparal Street, Los Angeles, California 90049, and on the Borrower's main campus, the address of which is 11725 Sunset Boulevard, Los Angeles, California 90049 (the "Campus"), including, but not limited to, demolition of existing facilities and construction of a new classroom building and academic center; (2) refinancing all or a portion of the Borrower's outstanding California Statewide Communities Development Authority Variable Rate Demand Revenue Bonds (The Archer School for Girls, Inc.), Series 2005, issued, among other purposes, to refinance the acquisition, construction, improvement, furnishing and equipping of certain educational facilities located on the Campus (collectively, with those described in (1), the "Facilities"); and (3) pay of costs of issuance.		
Project Sites:	11725 Sunset Boulevard, Los Angeles, California 90049; 11728 Chaparal Street, Los Angeles, California 90049; 141 No. Barrington Avenue, Los Angeles, California 90049. (Los Angeles County)		
Plan of Finance:	Borrower intends to finance the cost of additional construction, installation, equipping and furnishing of the Project, refinance California Statewide Community Development Authority ("CSCDA") Series 2005 Bonds ("Series 2005 Bonds"), refinance a line of credit, and repay a mortgage loan related to the property located at 11728 Chaparal Street, Los Angeles, California 90049.		
Type of Issue:	Private Placement of Fixed and/or Variable Rate Obligations		
Tax Status:	Tax-Exempt		
Term:	Up to 30 Years		
Credit Enhancement:	None		
Credit Rating:	Unrated		
IBank Fees:	Application Fee \$3,500; Issuance Fee \$45,000; Initial Annual Fee \$1,000 per		
Estimated Sources of Funds:		Estimated Uses of Funds:	
Tax-Exempt Loan Proceeds	\$28,000,000	Refund Series 2005 Bonds	\$8,505,000
		Refinance First Republic Mortgage Loan	\$3,007,000
		Refinance Wells Fargo Line of Credit	\$3,500,000
		Academic Center Project Costs	\$7,888,000
		Borrower Reimbursement	\$4,350,000
		Cost of Issuance	\$750,000
TOTAL SOURCES	\$28,000,000	TOTAL USES	\$28,000,000
Financing Team:			
Bond Counsel:	Squire Patton Boggs		
Borrower's Counsel:	Orrick, Herrington & Sutcliffe		

Financial Advisor: Purchaser/Lender:	Wye River Group First Republic Bank	
Public Benefits:	Refunding the prior debt will consolidate all debt with one lender and pay off the mortgage loan. Additionally, the Project will improve the campus facilities for students by complying with the Cal Green Building Code. The Project expects to create 5 to 10 permanent jobs, and 500 temporary jobs over a 20 month financing period. The present value savings of the refunding is not attainable due to the variable interest rate on the CSCDA Series 2005 Bonds.	
Date of Board Meeting: 12/19/2017	Resolution Number: 17-24	Prepared by: John Belmont
Staff Recommendation: Staff recommends approval of Resolution 17-24 authorizing the issuance of Conduit Tax-Exempt Obligations in an aggregate amount not to exceed \$28,000,000 for the benefit of The Archer School for Girls.		

BACKGROUND AND HISTORY

The Archer School for Girls (“Archer” or “Borrower”) is a non-profit public benefit corporation founded in 1995 as an independent college preparatory school for girls in grades 6-12, located in Los Angeles, California. The mission of Archer is to be “an educational community that supports and challenges young women to discover their passions and realize their true potential.”

Archer was organized by Megan Callaway, Victoria Shorr, and Dr. Diana Meehan as an independent school for girls due to the merger of the only all girls’ school with an all boys’ school in the area. Archer opened in a converted dance studio in Pacific Palisades with 30 students. Today enrollment has grown to nearly 500 students, and the Archer is highly regarded as a leading girl’s school in the US and internationally.

In 1999, Archer moved to its present site in Brentwood Heights, a historical building built in 1931 on Sunset Boulevard.

Potential Controversy with Proposed Financing

The Borrower is currently involved as a real party in interest in 2 petitions for writ of mandate challenging the City of Los Angeles’s approval of the campus improvement project:

– Sunset Coalition, et al. v. City of Los Angeles (Los Angeles Superior Court Case No. BS157811). The ruling on 10/13/2016 was in Archer’s favor, denying CEQA violations. The Petitioners appealed, and a decision is due first quarter 2018.

-- Sunset Coalition, et al. v. City of Los Angeles (Los Angeles Superior Court Case No. 170332). Filed 7/20/2017 by same or similar parties and is challenging the “haul route” approved by the City of Los Angeles for part of the construction.

Archer has contested both petitions and their attorneys are confident they will succeed in both proceedings.

Current leadership information is listed in Appendix A.

PROJECT DESCRIPTION

Proceeds of the proposed financing will be used for (i) construction of a new facility at Archer’s academic center, (ii) refunding the California Statewide Community Development Authority (“CSCDA”) Series 2005 Bonds (“Series 2005 Bonds”), refinancing a line of credit, and repayment of a mortgage loan related to a property located at 11728 Chaparal Street, Los Angeles, California 90049 (collectively, the Prior Obligations). The Prior Obligations were originally used to finance educational and administrative facilities located at 141 No. Barrington Avenue, and 11728 Chaparal Street, Los Angeles,

California 90049, and on the Borrower’s main campus, the address of which is 11725 Sunset Boulevard, Los Angeles, California (the parcels are contiguous).

The new money will finance the cost of additional construction, installation, equipping and furnishing of the Facilities, including a new academic center, classrooms and related facilities, an athletics center, playing fields, underground parking, a performing arts facility, visual arts facility and related amenities and improvements; and pay certain costs of issuance.

Additionally, the Project will involve the (a) demolition of the North Wing of the main building and replacement with an “Academic Center”, expected to be completed by February 2019; (b) installation of modular buildings to provide temporary classroom space. Upon completion, the modular structures will be dismantled and removed. Construction of the modular structures has begun and the expected completion date is December 2018.

The new Academic Center will provide needed classroom renovation upgrades, added space, and improvements to technological capacity, lighting, and energy efficiency. The timeline for start to completion is 5/1/2017 to 1/19/2019.

Existing Outstanding Debt Structure

This table displays the Borrower’s existing debt structure:

Existing Debt	Par Amount	Outstanding Balance	Interest Rate	Final Maturity	Trustee	Purpose
CSCDA, Series 2005	\$12,635,000	\$8,505,000	Variable	5/1/2035	Wells Fargo	Refinancing the acquisition, construction, improvement, furnishing and equipping of facilities and paying transaction costs
Loan	\$3,325,000	\$3,040,789	4.10%	11/1/2042	N/A	Mortgage Loan.
Line of Credit	N/A	\$3,500,000	Variable	N/A	Wells Fargo	Refinancing line of credit.

See Appendix B--Project Photos

FINANCING STRUCTURE

IBank Term Sheet
The Archer School for Girls
Date: December 19, 2017

Par Amount:	Not to exceed \$28,000,000; Tax-Exempt Loan Obligations
Type of Offering:	Private Placement
Lender:	First Republic Bank or an affiliate thereof
Credit Enhancement and Expected Credit Rating:	None
Interest*:	Fixed rate at 2.95% for 15 years converting to variable or fixed rate at option of Borrower*
Maturity:	December 1, 2047
Collateral:	Deed of trust and Borrower's personal property.
Closing Date*:	December 28, 2017
Transaction:	The Obligations are special, limited obligations payable solely from payments made by the Borrower under the Transaction Documents and IBank shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of IBank for all or any portion of payment to be made pursuant to the Obligations.

*Please note that Interest and Closing Date are subject to change.

Financing Structure

The Obligations will be privately placed with First Republic Bank, a California state-chartered banking corporation. The Obligations are subject to transfer restrictions to certain affiliates and Qualified Institutional Buyers and may be only transferred in whole (and not in part). Obligation proceeds will be loaned to the Borrower pursuant to a Loan Agreement. The Borrower will secure the Obligations with its general revenues, deed of trust and personal property. The Principal payment will begin after 3 years interest only payments. The first interest payment will be on February 1st, 2018.

Limited Obligations of IBank

The Obligations are payable solely from and secured solely by the pledge of the Borrower's payments under the transaction documents. Neither IBank, nor any of the members of its Board of Directors, nor any of its officers or employees, nor any person executing the transaction documents on behalf of IBank shall be personally liable for the Obligations or subject to any personal liability or accountability by reason of the execution thereof. The Obligations are limited obligations of IBank and are not a pledge of the faith and credit of IBank or the State of California or any of its political subdivisions.

PUBLIC BENEFITS

Archer provides an all-girl college preparatory education to a diverse student body located on west side of Los Angeles. The Project will improve the campus facilities by complying with the Cal Green Building Code and on the North Wing facility the following Energy Efficiency items will be applied:

- 1- Water conserving plumbing fixtures;
- 2- Installation of air filters with a minimum Efficiency Reporting Value of 8 or higher;
- 3- Mechanical ventilation to meet requirements of California Energy Code;
- 4- Installation of dedicated temperature controls for each classroom;
- 5- Installation of enough windows to provide natural lighting and ventilation;
- 6- High efficiency lighting (LED);
- 7- Weather resistive exterior wall and foundation envelope to prevent energy leakage; and
- 8- Cool roofs on flat roofs and mechanical wells (white to reduce solar heat gain).

The Project will enhance Archer's pursuit of its objectives, as stated by its Mission Statement: *Archer is an educational community that supports and challenges young women to discover their passions and realize their true potential.*

Refunding the prior debt will consolidate all debt with one lender. The present value savings of the refunding is not attainable due to the variable interest rate. The mortgage loan will be fully paid off.

The Project will employ approximately 500 temporary construction jobs over a 20 month financing period. Archer estimates an increase of 5 to 10 permanent as a result of this Project.

OTHER PROJECT DATA

PERMITS AND APPROVAL	
Required?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES Describe: All approvals have been obtained.
TEFRA	
Date of TEFRA Publication	November 29, 2017
Date of TEFRA Hearing	December 13, 2017
Publications	The Sacramento Bee, Daily Commerce
Oral/Written Comments	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Explain:
LEGAL QUESTIONNAIRE	
Completed?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Issues?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Explain:
ELIGIBILITY REVIEW	
Applicant meets all of IBank's eligibility criteria? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	<ol style="list-style-type: none"> 1. Project is in the State of California. 2. Archer is capable of meeting the obligations incurred under relevant agreements. 3. Payments to be made by Archer to IBank under the proposed financing agreements are adequate to pay the current expenses of the IBank in connection with the financing and to make all the scheduled payments. 4. The proposed financing is appropriate for the Project.
INDUCEMENT CERTIFICATE	
Completed?	<input type="checkbox"/> NO <input type="checkbox"/> YES Certificate No.: <input checked="" type="checkbox"/> N/A Date:

RECOMMENDATION

Staff recommends approval of Resolution 17-24 authorizing the issuance of Obligations in an aggregate amount not to exceed \$28,000,000 for the benefit of The Archer School for Girls.

APPENDIX A GOVERNANCE AND MANAGEMENT

THE ARCHER SCHOOL FOR GIRLS OFFICERS

Elizabeth English	Head of School
Jane Davis	Director of Finance

THE ARCHER SCHOOL FOR GIRLS BOARD OF DIRECTORS

Frank Marshall, Chairman	Owner Kennedy/Marshall Company Co-founded Amblin Entertainment with Kathleen Kennedy and Steven Spielberg
Justin Chang, Vice Chair	Executive Director Colony Capital Board Member of Colony Starwood Homes
Ron Stone, Treasurer	Owner Strategic Government Affairs
Ann Gianopulos, Secretary	Marketing Consultant Amplitude Consulting Spouse of Jim Gianopulos, President of 20 th Century Fox
Meredith Baer	Owner and Founder Meredith Baer Home, a staging and interior design company
Barbara Bruser	Portfolio Manager First Republic Investment Management
Stephanie Darrow	Television Writer
Deborah David	Head of School St. James Episcopal
Suzie Doran	Partner Singer/Lewak LLP
Lauren Finkelstein	Owner LA Blooms Archer Alumnae
Lauren Fite	Retired Physician Assistant Healthcare Partner Member of Advisory Group – UCLA Simms/Mann Center for Integrative Oncology
Jody Gerson	Chairman & CEO Universal Music Publishing Group
Mark Gordon	Principal The Mark Gordon Company – Motion Pictures & Television President Emeritus Producers Guild of America
Caroline Grainge	Board Member Los Angeles County Museum of Art Spouse of Lucian Grainge – Chairman & CEO, Universal Music Group
Cathy Helm	Principal Law Office of Catherine H Helm Trustee LA Opera
Michael Heslov	Soborof Partners – Real Estate Developer Board Member of LA Jewish Home
Kathleen Kennedy	Chairman Lucasfilms Ltd. VP of Academy of Motion Pictures Arts & Sciences
Deborah Lehman	Associate Director Pediatric Infectious Diseases & HIV Cedars Sinai Medical Center

Scott Lord	Partner Cohen & Lord ACP Spouse of Susan Disney Lord
Jeff Lotman	CEO Global Icons Board Member at Willow Community School
Marc Mills	Co-Founder and President Pacific Rim Capital
Hannah Minghella	President TriStar Pictures, Sony Pictures
Tracey Briscoe Monroe	Executive Director UBS Asset Management
Catrice Monson	Senior Vice President of Diversity & Inclusion CBS Studios
Shana Silveri	Writer/Producer
Patrick Tierney	Owner PT Gaming, LLC
Ian Weingarten	Head of Global Partnership Yahoo
Tiffany Smith – Anoa'i	Vice President of Communication & Diversity CBS Studios
Roberta Weintraub	Former President LA Unified School District Board of Education Activist
Michael Zeller	Partner Quinn Emanuel Urquhart & Sullivan LLP

APPENDIX B PROJECT PHOTOS



ARCHER
THE ARCHER SCHOOL FOR GIRLS

NEW ACADEMIC CENTER

PARALLAX
ARCHITECTURE AND PLANNING
DECEMBER 16, 2012



PARALLAX
ARCHITECTURE AND PLANNING

EAST COURTYARD

New Academic Center
Archer Forward: Campus Preservation and Improvement Plan
Design Development, December 2012
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ARCHER
THE ARCHER SCHOOL FOR GIRLS

CAMPUS MASTER PLAN AERIAL VIEW

PARALLAX
ARCHITECTURE AND PLANNING
DECEMBER 16, 2015



PARALLAX
ARCHITECTURE AND PLANNING

PAVILION CLASSROOMS

New Academic Center
Archer Forward: Campus Preservation and Improvement Plan
Design Development, December 2015
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