

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

STAFF REPORT

EXECUTIVE SUMMARY	
Applicant:	Harvard-Westlake School (“Harvard School” or “Borrower”)
Par Amount Requested:	Not to exceed \$120,000,000
Applicant Description:	Founded in 1989, Harvard-Westlake School is a California 501(c)(3) nonprofit public benefit corporation, operating as an independent college preparatory day school for grades seven through twelve, serving the Los Angeles community.
Type of Financing:	Conduit Tax-Exempt Revenue Bonds (“Bonds”)
Project Description:	The Borrower is requesting that IBank issue Bonds to: (a) finance, refinance and/or reimburse the Borrower and/or 4141 Whitsett Management LLC, a California limited liability company the sole member of which is the Borrower (“Whitsett Management”), for the cost of the acquisition, development, construction, improvement and equipping of various educational and athletic facilities at each of the Project Sites, (b) funding capitalized interest for the Bonds, as determined by the Borrower; and (c) paying certain expenses incurred in connection with the issuance of the Bonds (collectively, the (“Project”).
Potential Project Sites:	<u>Los Angeles County</u> 4141 Whitsett Ave, Studio City, CA 91604 3700 Coldwater Canyon, Studio City, CA 91604 700 North Faring Road, Los Angeles, CA 90077
Plan of Finance:	IBank will lend the proceeds of the Bonds to the Borrower to finance, refinance, and/or reimburse the Borrower for all or a portion of the costs of the Project.
Type of Issue:	Public Offering
Tax Status:	Tax-Exempt
Expected Maturity Date:	November 1, 2039
Credit Enhancement:	None
Credit Rating:	S&P – AA+
IBank Fees¹:	Application Fee \$5,000; Issuance Fee \$75,000; Initial Annual Fee \$16,000
STO Fee:	\$10,500, To be paid directly to STO.

¹ IBank Issuance Fee and Annual Fee are subject to change. The current amounts are based on the NTE amount.

SOURCES AND USES			
Estimated Sources Funds:		Estimated Uses Funds:	
Tax-Exempt Bonds Proceeds	\$120,000,000	River Park: Property Acquisition	\$43,500,000
Borrower's Contribution	\$188,000,000	River Park: Entitlements & New Construction	\$244,000,000
		Renovation/Retrofit (Upper School)	\$10,000,000
		Renovation/Retrofit (Middle School)	\$10,000,000
		Costs of Issuance	\$500,000
TOTAL SOURCES	\$308,000,000	TOTAL USES	\$308,000,000

FINANCING TEAM	
Bond Counsel:	Kutak Rock LLP
Underwriter:	Stifel
Underwriter's Counsel:	Polsinelli P.C.
Trustee:	Wilmington Trust N.A.
Agent-for-Sale:	CA State Treasurer's Office
Public Benefits:	<p>The Bond proceeds will allow the Harvard School to complete the Project. This project will improve the Harvard School's existing campus facilities and the complete of the River Park athletic and recreational facilities that will serve the Harvard School's student body, and also be a resource to the local community and youth-centered non-profit organizations.</p> <p>The Harvard School currently employees 720 faculty and staff. With this Project the School expects to create 35 permanent staff positions. Additionally, the Project is expected to create 320 temporary construction jobs.</p>
Date of Board Meeting:	10/23/2024
Resolution Number:	24-18
Prepared by:	Dalibor Zivkovic
Date Prepared:	October 10, 2024
Staff Recommendation:	Staff recommends approval of Resolution 24-18 authorizing the issuance of conduit Tax-exempt Revenue Bonds in an amount not to exceed \$120,000,000 for the benefit of Harvard-Westlake School.

BACKGROUND AND HISTORY

Harvard School, a military boarding school with 42 boys, was established in 1900 by Grenville C. Emery in a barley field at what is now the corner of Western Avenue and Venice Boulevard in Los Angeles. Mr. Emery received permission from Charles W. Elliot, then-President of Harvard University, to use the Harvard name. By the mid-1920s, Harvard School had outgrown its original campus. Following the vision of two-time Headmaster Bishop Robert Gooden, Harvard School borrowed \$25,000 from aviation pioneer Donald Douglas and moved to the defunct Hollywood Country Club on Coldwater Canyon in 1937. By the time Thomas Hudnut became the sixth Headmaster of Harvard school in 1987, Harvard School had transformed into a day school, had set aside its military program, and had an enrollment that exceeded 800 students.

In 1904, Jessica Smith Vance and Frederica de Laguna opened the doors of Westlake School for Girls on Sixth Street and Alvarado Street, named for its location near Westlake Park in Los Angeles, now known as MacArthur Park. In 1927, Ms. Vance and Ms. De Laguna acquired land on North Faring Road in Holmby Hills from Harold Janss. In 1966, Nathan O. Reynolds (Harvard School Class of 1951) became the first man to head Westlake. Harvard School enrollment reached 700 students during the 1970s.

In October 1989, the Boards of Trustees of Harvard and Westlake agreed to merge the schools, with Thomas Hudnut serving as Harvard-Westlake's first Headmaster. Full co-education began in September 1991, with an enrollment approaching 1600 students, grades 7 - 9 at Westlake's North Faring Road location and grades 10 - 12 at Harvard's Coldwater Canyon campus.

Harvard-Westlake School currently has 720 employees, consisting of 345 full time and 375 part time.

The Borrower is listed in Good Standing with the California Secretary of State, as of October 8, 2024.

Current leadership is listed in Appendix A.

PROJECT DESCRIPTION

The Borrower is requesting that IBank issue bonds to finance, refinance and/or reimburse Harvard-Westlake and/or Whitsett Management for the cost of the acquisition, development, construction, improvement and equipping of various of the Harvard School's educational and athletic facilities at three different sites, including,

- (i) at the River Park site: two athletic fields with bleacher seating, eight tennis courts with seating, 52 meter swimming pool, approximately 80,000 square foot gymnasium with seating, clubhouse and community rooms, underground parking for approximately 400 cars, surface parking, putting green, water reclamation and storage facilities, nature paths, and other ancillary and related facilities on approximately 17.1 acres of land located at 4047, 4141 and 4155 North Whitsett

Avenue and 12506, 12600 and 12630 West Valley Spring Lane, Studio City, California 91604 and generally referred to as the Harvard-Westlake River Park Project (the “River Park Project”);

- (ii) at the Upper School site: classrooms, administrative facilities, arts, athletic, and other related facilities located at 3700 North Coldwater Avenue, Studio City, California 91604 (the “Upper School Project”); and
- (iii) at the Middle School site: classrooms, administrative facilities, arts, athletic, and other related facilities located at 700 North Faring Road, Los Angeles, California 90077 (the “Middle School Project” and, together with the River Park Project and the Upper School Project, the “Facilities”).

The Bonds will also fund capitalized interest for the Bonds, as determined by the Borrower; and pay certain expenses incurred in connection with the issuance of the Bonds.

Project Details:

In November 2023, the Los Angeles City Council approved Harvard School’s plan to transform a privately-owned golf and tennis facility into the Harvard-Westlake River Park (“River Park”). River Park is designed to offer open space and athletic and recreational opportunities to both Harvard School students and the local community, reduce water use significantly by capturing, cleaning, and reusing stormwater runoff, and reintroduce native plants, trees, and animal life to the adjacent stretch of the Los Angeles River.

The site plan for River Park calls for two athletic fields (one with a track), a 52-meter swimming pool, eight tennis courts, and a gymnasium. A walking/jogging track circumnavigates the perimeter of the site, and a network of public plazas, wooded areas, and other natural spaces comprise six acres of open space. The plan preserves the locally historic aspects of the site, including the golf clubhouse, putting green, weeping brick wall at the northwest corner, and the existing golf ball-shaped floodlights.

In addition to River Park, the Harvard School Board of Trustees has approved the use of bond proceeds for miscellaneous capital projects at its Upper and Middle School campuses to provide project budget flexibility. Examples of such projects, which are undertaken in the Harvard School’s normal course of business, are classroom remodels, HVAC system and roof replacements, and cafeteria renovations. **Table 1** displays the Facilities with estimated constructions’ start and completion dates and costs.

Table 1

Project Site	Construction Start Date	Expected Construction Completion Date	Estimated Project Cost	Construction Company/Developer
River Park Campus	05/17/2024	11/30/2026	\$288,000,000	MATT Construction
Upper School Campus	06/01/2025	01/31/2026	\$2,500,000	TBD
Upper School Campus	07/01/2025	11/01/2027	\$7,500,000	TBD
Middle School Campus	06/01/2025	09/01/2025	\$1,000,000	TBD

Middle School Campus	02/01/2026	11/01/2027	\$9,000,000	TBD
TOTAL			\$308,000,000	

Project Controversy Disclosure:

On November 14, 2023, the City Council of the City of Los Angeles (“City”) approved Environmental Impact Report No. ENV-2020-1512-EIR, State Clearinghouse (SCH) No. 202009050536 for the River Park project (the “EIR”). The River Park project subsequently received permits, and construction has been underway since April 2024.

Several groups including Save Weddington, Inc., Studio City Residents Association, and Save Los Angeles River Open Space (the “Plaintiffs”) have filed a lawsuit against the City of Los Angeles, the County of Los Angeles and Harvard School, as the real party in interest, claiming various deficiencies in the EIR. On April 29, 2024, the Superior Court of California, County of Los Angeles, denied a motion by the Plaintiffs for an injunction on the basis that the Plaintiffs were unlikely to succeed at trial on their claim that the City failed to comply with CEQA.

On May 22, 2024, the California Court of Appeal denied the Plaintiffs petition for writ of supersedeas² and request for immediate stay. Notwithstanding the decisions of the Superior Court and the Appellate Court, the litigation initiated by the Plaintiffs is continuing and, unless abandoned by the Plaintiffs, Harvard School, the City, and the County of Los Angeles expect to defend the lawsuit and prevail.

(See Appendix B--Project Photos)

² Rule 8.824. Writ of supersedeas: A party seeking a stay of enforcement of a judgement or order pending appeal may serve and file a petition for writ of supersedeas in the appellate division. (Source: https://www.courts.ca.gov/cms/rules/index.cfm?title=eight&linkid=rule8_824)

FINANCING STRUCTURE

IBank Term Sheet Harvard-Westlake School Board Meeting Date: 10/23/2024

Par Amount:	Not to exceed \$120,000,000; in one or more tax-exempt series.
Type of Offering:	Public Offering in one or more series or combinations.
Underwriter:	Stifel, Nicolaus & Company, Incorporated.
Credit Enhancement:	None.
Expected Credit Rating:	S&P: AA+.
Interest Rate*:	Tax-exempt fixed rate not to exceed 6.00% * per annum.
Maturity*:	Up to 15 years.
Collateral:	The Bonds are payable from loan repayments made by the Borrower from its revenues and other sources generally available to the Borrower.
Expected Closing Date*:	On or about November 6, 2024
Conduit Transaction:	The Bonds are special limited obligations of IBank 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 Bonds.

*Please note that Interest Rate, Maturity and Expected Closing Date are subject to change.

Financing Structure

The Bonds will be sold through a public offering pursuant to a Bond Purchase Agreement and loaned to the Borrower pursuant to a Loan Agreement. The Bonds will be secured and issued pursuant to an Indenture of Trust. Under the Indenture, the Bonds will be secured by the first lien leasehold deed of trust, security agreement, assignment of leases and rents, and fixture filing on certain real property leased by the Borrower. Under the Loan Agreement, the Borrower's obligation to make loan repayments on the Bonds will be payable from loan repayments made by the Borrower from its revenues and other sources generally available to the Borrower. The Bonds will be issued only as fully registered bonds without coupon. The Bonds will be issued in the denominations of \$5,000 and integral multiples thereof.

The Bonds will be issued pursuant to the Section 145 of the Internal Revenue Code of 1986 (Code). The Bonds will have a fixed rate, not to exceed 6% per annum and will be subject to redemption prior to maturity. The repayments are expected to be monthly principal and interest payments based on the terms stated in the Loan Agreement, commencing on November 1, 2024.

Upon issuance of the Bonds a Project Fund will be created, into which the Bond Proceeds will be deposited. Pending disbursement pursuant to the Loan Agreement, the moneys and eligible investments to the credit of the Project Fund shall constitute a part of the Revenues assigned to the Trustee as security for the payment of the Bonds. No reserve fund will be established for the Bonds and no other collateral such as Real Property or other Lien will be pledged to secure the repayment of the Bonds. Subject to compliance with the provisions of the Loan Agreement, Harvard School and Whitsett Management may issue or incur indebtedness secured by liens on property that do not secure the Bonds, and the Bonds would be effectively subordinated to such secured indebtedness up to that collateral's value.

Special Purpose Entity for the River Park Property

The River Park property will be owned by a special purpose entity, created for the purpose of this project and to operate the River Park facility upon completion. 4141 Whitsett Management LLC is the owner of the River Park property and was organized by Harvard School to own the River Park property. Harvard School is the sole member of Whitsett Management and Whitsett Management is a disregarded entity for federal income tax purposes. Having the River Park property in Whitsett Management allows some degree of asset protection for a property that will be used by the public and certain non-profits that are not controlled by the Harvard School.

Limited Obligations of IBank

The Bonds 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 Bonds or subject to any personal liability or accountability by reason of the execution thereof. The Bonds 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

More than seventy percent of the Harvard School's student body participates in at least one interscholastic sport, existing facilities are significantly constrained and do not permit students to fully pursue their interests. While student participation in athletics continues to grow, the capacity of the Harvard School's athletics facilities has not increased since the 1980s.

River Park addresses the deficiency by creating a variety of multi-use athletic and recreational amenities, along with unprogrammed open space for general enjoyment, relaxation, and studying. While serving the Harvard School’s student body, River Park will also be a resource to the local community and youth-centered non-profit organizations. The site is located in a revitalization district for the Los Angeles River and received the endorsement of the City/County LA River Cooperation Committee for its pairing of recreational opportunities, native landscaping palette, extensive solar array, water reclamation system, and standards that meet or exceed LEED Silver requirements.

Harvard School currently employs 720 faculty and staff. This project is expected to create approximately 320 temporary construction jobs and 35 permanent jobs.

OTHER PROJECT DATA

PERMITS AND APPROVAL	
Required? Yes	If Yes, Describe: The project has obtained all permits, and construction has been underway since April 2024.
TEFRA	
Date of TEFRA Publication: 10/7/2024	Publications: IBank Website, https://ibank.ca.gov
Date of TEFRA Hearing: 10/14/2024	Oral/Written Comment: No, If yes explain: None
ELIGIBILITY REVIEW	
Applicant meets all the IBank eligibility criteria? Yes or No Yes	<ol style="list-style-type: none"> 1. Project is in the State of California 2. The Borrower is capable of meeting the obligations incurred under relevant agreements. 3. Payments to be made by the Borrower to IBank under the proposed financing agreements are adequate to pay the current expenses of 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? N/A	Certificate Number: _____ Date: _____

RECOMMENDATION

Staff recommends approval of Resolution 24-18 authorizing the issuance of conduit Tax-exempt Revenue Bonds in an amount not to exceed \$120,000,000 for the benefit of Harvard-Westlake School.

APPENDIX A: GOVERNANCE AND MANAGEMENT

BOARD MEMBERS	
Alan Wilson, Board Chair	Equity Portfolio Manager Capital Group
Mark Attanasio, Member	Co-Founder & Managing Partner Crescent Capital Group
Elena Baca, Member	Partner Paul Hastings
Bill Barnum, Member	Partner Brentwood Associates
Bob Beyer, Member	Chairman Chaparral Investments
Peter Bing, Member	Retired Doctor in Public Health
Jean-Marc Chapus, Member	Co-Founder & Managing Partner Crescent Capital Group
Allison Checchi, Member	Chief Operating Officer Invisible Universe
Alice Chen, Member	Chief Executive Officer Tawa Services
Diana Chen, Member	Chief Executive Officer Yintai Investment Company
Brad Edgerton, Member	President Edgerton Foundation
Jane Eisner, Member	President The Eisner Foundation
Eric Esrailian, Member	Physician/ Chief of Digestive Diseases UCLA
Javier Ferreria, Member	Co-Chief Executive Officer Scopely
David Fisher, Member	Retired Chairman Emeritus Capital Group International
Eric Garen, Member	Co-Founder & Former President Learning Tree International
Jani Hamilton, Member	Retired
Jeff Harleston, Member	General Counsel & Executive Vice President of Business and Legal Affairs Universal Music Group
Phil Holthouse, Member	Chairman Holthouse Carline & Van Trigt
Jean Kaplan, Member	Retired Business Consultant
Steve Keck, Member	Managing Director TCW
Bobby Kotick, Member	Founder Activision Blizzard
Jaime Lee, Member	Chief Executive Officer Jamison Realty
Robert Maloney, Member	Founder & Physician Maloney-Shamie Vision Institute

Jule Platt, Member	Chair of the Board Jewish Federations of North America
Tony Pritzker, Member	Chairman & Chief Executive Officer Pritzker Private Capital
Spencer Rascoff, Member	Chief Executive Officer 75 & Sunny Ventures
Debbie Reed, Member	Educational Consultant & Retired Educator
Alison Ressler, Member	Partner Sullivan & Cromwell
Michael Segal, Member	President & Chief Executive Officer Segal Family-United World Foundation
Melanie Staggs, Member	Co-Founder Goodpods
The Rt. Rev. John Harvey Taylor VII, Member	Bishop Episcopal Diocese of Los Angeles
Wendy Wachtell, Member	Chief Executive Officer Josph Drown Foundation
Shirley Wang, Member	Chief Executive Officer Plastpro
John Weissenbach, Member	Retired Partner Kirkland & Ellis, LLP

OFFICERS	
Richard B. Commons	The Charles B. Thornton President
David Weil	Chief Financial Officer
Laura D. Ross	Head of School
Dan Alig	Chief Information Officer
Terry Barnum	Head of Athletics
Jim De Matté	Chief of Construction
Ari Engelberg	Head of Communications & Strategic Initiatives
Karen Fukushima	Dean & Dean Department Head, Middle School
Eli Goldsmith	Head of Advancement
Edward W. Hu	Head of External Relations
Chris Jones	Dean & Dean Department Head, Upper School
Janine Hancock Jones	Assistant Head of School for Community and Belonging & Associate Director of Admission
Dave Mintz	Director of Operations
Jim Patterson	Director of Kutler Center & Summer School Programs
Dave Ruben	Director of Information Technology
Chris Sanders	Head of Admission and Enrollment
Beth Slattery	Head of Upper School
Jon Wimbish	Head of Middle School

Harvard School has provided IBank with a copy of their Conflict-of-Interest Policy.

APPENDIX B: PROJECT PHOTOS

