

**Advancing California Finance Authority**

**Governing Board**

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**September 16, 2021**

**Agenda Item 7.c.**

**Santa Cruz Montessori School**

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**Subject:** Report on Santa Cruz Montessori Default Notice

**Background:** Staff received a notice from US Bank lender counsel regarding Santa Cruz Montessori School was in default for not maintaining an adequate fixed charge coverage ratio of 1.0 to 1.15 on a quarterly basis through September 2020 and December 2020. Violation of these lending benchmarks caused the borrower to go into default.

Santa Cruz Montessori School is an educational facility located in Aptos, CA. This privately held US Bank bond has an outstanding balance of \$4,722,944.07 as of 9/1/21.

In the Event of Default, US Bank is entitled to the following:

(a) to declare the outstanding amount of the Obligations under this Agreement to be immediately due and payable without presentment, demand, protest, or further notice of any kind

(b) to cause a mandatory tender or acceleration of the Bonds or take such other remedial action as is provided for in the Indenture

(c) to take whatever action at law or in equity that may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement, or covenant of Santa Cruz under the Related Documents, whether for specific performance of any agreement or covenant of Santa Cruz or in aid of the execution of any power granted to the Bank in the Related Documents

(d) to place an administrative freeze on any deposit account of Santa Cruz with the Bank and

(e) to exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents and as otherwise available at law and at equity.

At this time, US Bank reserves all rights and no action has been taken.

The Loan Agreement did have language that if the Bonds become subject to Rule 15c2-12, the Borrower will comply with the rule. If

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the bonds were to have a disclosure obligation it would be the obligation of the borrower and not ABAG FAN.

**Issues:**

None


**Recommended Action:**

Information

**Attachments:**

Santa Cruz Montessori Notice of Default

**Reviewed:**



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Therese W. McMillan