

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

STAFF REPORT

EXECUTIVE SUMMARY

Applicant:	The Painted Turtle (“Borrower”)	Par Amount Requested:	Not to exceed \$10,000,000
Applicant Description:	A California nonprofit public benefit corporation established in 1999 to provide year-round camps to children with life-threatening diseases and their families while supporting their medical needs, care, education, and respite.		
Type of Financing:	The Borrower requests issuance of \$10,000,000 in conduit Tax-exempt Variable Rate obligations (“Obligations”).		
Project Description:	The proceeds of the Obligations will be used to (1) refund the outstanding California Statewide Community Development Authority (“CSCDA”) Variable Rate Demand Revenue Bonds (The Painted Turtle) Series 2003 (Series 2003 Bonds), the proceeds of which were used by the Borrower to finance the cost of the acquisition, construction, improvement, renovation, furnishing and/or equipping of certain camp facilities, including lodging for campers and staff, medical facilities, a dining hall, arts and crafts centers, a gym, pool and recreation complex, a boathouse, a stable, studios for music and dance, an indoor theater, an outdoor amphitheater and parking facilities, located at 17000 Elizabeth Lake Road, Lake Hughes, California 93532, and (2) pay certain costs of issuance in connection with the issuance of the Obligations.		
Project Site:	17000 Elizabeth Lake Road, Lake Hughes, California 93532 (Los Angeles County)		
Plan of Finance:	<p>The Borrower intends to refinance its Series 2003 Bonds in order to convert to direct purchase Bank Obligations and reduce costs associated with a letter of credit backed variable rate demand bond.</p> <p>The IBank Board approved issuance of the Obligations on November 28, 2017 pursuant to the Resolution No, 17-20. The Private Placement Purchaser (“Lender”) required a thorough environmental assessment (“EA”) of the project, which recommended remediation and further testing of a portion of the property. Such remediation and testing was completed in May 2018; however, the Resolution No. 17-20 lapsed on May 27, 2018 before the financing could close.</p> <p>The original closing date for the Painted Turtle was December 14, 2017, but was pushed back, and later postponed indefinitely, due to the Lender’s requirement for additional environmental testing. The Phase I (completed November 2017) indicated that the Painted Turtle’s campground was previously occupied by a gas station. While records indicated the fueling system was demolished, no data regarding the removal of the system was available. As such, a Phase II was performed in December 2017 that included a geophysical survey and soil analysis, which identified two large cavities and a third anomaly, located between the two former cavities, that represented a metal object. Also, analytical results detected contaminants in the soil gas samples, which indicated that there was a potential release due to former auto servicing/repair at the former station. Further contingencies, requiring the excavation of the area containing the anomaly and collection of soil gas samples were to be analyzed for VOCs (Volatile Organic Compounds). In May 2018, the underground storage tank was exposed and</p>		

<p>removed, while soil samples were collected and later analyzed for TPH (Total Petroleum Hydrocarbons), VOCs, and metals. On May 21, 2018, RETECHS Environmental Solutions concluded that based on the findings no additional investigations were warranted. The Borrower requests IBank Board re-approval of the Obligations in order to complete the project financing.</p>																											
<p>Type of Issue: Tax Status: Term: Credit Enhancement: Credit Rating: IBank Fees: STO Fee:</p>	<p>Private Placement Tax-exempt Up to 30 years None Not applicable Application Fee \$2,500; Issuance Fee \$25,000; Annual Fee \$500 per year Agent for Sale \$6,000</p>																										
<p>Estimated Sources of Funds:</p> <table border="0"> <tr> <td>Par Amount</td> <td>\$10,000,000</td> </tr> <tr> <td>Borrower Equity</td> <td>\$225,104</td> </tr> <tr> <td>TOTAL SOURCES</td> <td>\$10,225,104</td> </tr> </table>	Par Amount	\$10,000,000	Borrower Equity	\$225,104	TOTAL SOURCES	\$10,225,104	<p>Estimated Uses of Funds:</p> <table border="0"> <tr> <td>CSCDA Series 2003 Bond</td> <td>\$10,000,000</td> </tr> <tr> <td>Estimated Accrued Interest Due</td> <td>\$8,548</td> </tr> <tr> <td>LOC Draw Fee</td> <td>\$250</td> </tr> <tr> <td>Bond Counsel Fees</td> <td>\$35,000</td> </tr> <tr> <td>Issuer Fee</td> <td>\$25,000</td> </tr> <tr> <td>STO Agent for Sale Fee</td> <td>\$6,000</td> </tr> <tr> <td>Bank Counsel</td> <td>\$35,000</td> </tr> <tr> <td>Bank Fees</td> <td>\$94,691</td> </tr> <tr> <td>Miscellaneous Fees</td> <td>\$20,615</td> </tr> <tr> <td>TOTAL USES</td> <td>\$10,225,104</td> </tr> </table>	CSCDA Series 2003 Bond	\$10,000,000	Estimated Accrued Interest Due	\$8,548	LOC Draw Fee	\$250	Bond Counsel Fees	\$35,000	Issuer Fee	\$25,000	STO Agent for Sale Fee	\$6,000	Bank Counsel	\$35,000	Bank Fees	\$94,691	Miscellaneous Fees	\$20,615	TOTAL USES	\$10,225,104
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<p>Financing Team:</p> <p>Bond Counsel: Kutak Rock LLP Private Placement Purchaser: Wells Fargo, N.A. Trustee: Wells Fargo, N.A.</p>																											
<p>Public Benefits:</p>	<p>Refunding the outstanding Series 2003 Bonds will provide an estimated annual savings of \$30,000 compared to the current structure. The reduction in annual debt management cost will allow the Borrower to reinvest its resources towards its primary mission.</p>																										
<p>Date of Board Meeting: June 26, 2018</p>	<p>Resolution Number: 18-09</p>	<p>Prepared by: John Weir on 6/4/2018</p>																									
<p>Staff Recommendation: Staff recommends approval of Resolution No. 18-09 authorizing the issuance of Conduit, Tax-exempt Variable Rate Obligations, not to exceed \$10,000,000, for the benefit of The Painted Turtle.</p>																											

BACKGROUND AND HISTORY

The Painted Turtle is a 501(c)(3) non-profit corporation founded in 1999 by actor Paul Newman, music producer, Lou Adler and his wife, actress Page Adler. The purpose of The Painted Turtle is to own, operate and maintain a state of the art medical camping facility that provides services to chronically ill children at no cost to their families. The camping facility which bears its name opened in 2004. The affairs of The Painted Turtle are managed and controlled by the Board of Directors responsible for policy decisions, fiscal management, the appointment of officers and oversight of administration and programs.

The Painted turtle is affiliated with the SeriousFun Children's Network, which was founded by Paul Newman in 1988. It was the sixth camp to open in the US and is the first year-round camp of its kind on the West Coast. The SeriousFun Children's Network currently has 14 camps in the United States and 7 camps overseas. Each camp within the network is independent and responsible for raising its own funds. Since its founding, the SeriousFun Children's Network has serviced over 864,000 children and their families from over 50 countries and the United States and strives to serve more than 90,000 every year free of charge.

The Painted Turtle currently has 41 full-time and 5 part time employees, but is run mostly with the help of volunteers. Campers have the opportunity to engage in activities such as horseback riding, ropes course, arts and crafts, woodshop, archery, team building experiences, fishing, boating, singing and dancing. The goal is to provide an exhilarating, challenging, and nurturing camp experience through which children gain a greater sense of independence, self-esteem, and self-reliance.

Many different groups come through the camp every year and stay for about a week in small dormitory type housing units. These groups include children with spina bifida and paraplegia, cerebral palsy and limb deficiency, rheumatic diseases, skeletal dysplasia, kidney disease and transplant, liver disease and transplant, immunodeficiency disorders, Crohn's and colitis, hemophilia, von Willebrand disease, thalassemia, and severe asthma and allergies.

The medical facilities that serve the children are located on site and are fully equipped for routine and emergency procedures. The facilities include a full-time staff joined by volunteer medical professionals to care for the children around the clock.

Several family weekends are also held in the spring and fall where families of children can get a taste of the camp experience. The Painted Turtle also offers a program that takes the camp experience to children who are hospitalized and too ill to attend.

The California Secretary of State reports active status for the Borrower. Current leadership is listed in Appendix A.

PROJECT DESCRIPTION

The Borrower is requesting the issuance of the Obligations to (1) refund the outstanding CSCDA Variable Rate Demand Revenue Bonds (The Painted Turtle) Series 2003, the proceeds of which were used by the Borrower to finance the cost of the acquisition, construction, improvement, renovation, furnishing and/or equipping of certain camp facilities, including lodging for campers and staff, medical facilities, a dining hall, arts and crafts centers, a gym, pool and recreation complex, a boathouse, a stable, studios for music and dance, an indoor theater, an outdoor amphitheater and parking facilities, located at 17000 Elizabeth Lake Road, Lake Hughes, California 93532, and (2) pay certain costs of issuance in connection with the issuance of the Obligations.

The Painted Turtle is refunding the following Bonds:

Refunding of Prior Bonds:

Bond Issue	Par Amount	Outstanding	Purpose
CSCDA Series 2003 Bonds	\$15,800,000	\$10,000,000	Acquisition and improvements as described above.

The Project is comprised of the following properties:

17000 Elizabeth Lake Road, Lake Hughes, California 93532

All of the original projects at the above properties have been completed.

(see Appendix B--Project Photos).

FINANCING STRUCTURE

IBank Term Sheet The Painted Turtle Date: June 26, 2018

Par Amount:	Not to exceed \$10,000,000 in conduit Tax-exempt Obligations.
Type of Offering:	Private Placement
Private Purchaser:	Wells Fargo, N.A.
Credit Enhancement:	No Credit Enhancement
Expected Credit Rating:	No credit rating expected
Interest*:	Variable interest rates, expected to be a percentage of LIBOR plus a spread and subject to adjustment as set forth in the Financing Agreement.
Collateral:	First Deed of Trust, Security Agreement, and UCC-1 filing on the Project located in Lake Hughes, CA.
Guaranty:	By the Hole in the Wall Gang Fund, Inc. up to \$2,500,000.
Closing Date*:	July 11, 2018*
Conduit 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 the Closing Date are subject to change.

Financing Structure

The proceeds of the Obligations will be loaned to the Borrower pursuant to a Financing Agreement. The Obligations will be secured by a blanket lien Security Agreement on all of the Borrower's assets and a first lien Deed of Trust on the Project located in Lake Hughes, CA. The Obligations shall be issued in minimum denominations of \$250,000 with transfer limited to Qualified Institutional Buyers with a value of at least \$5,000,000,000 who deliver an executed Investor Letter.

The Obligations will contain an Index Floating Rate Mode whereby the interest rate is indexed to the One Month LIBOR plus an applicable spread of 1.50%. The Obligation shall be subject to mandatory tender for purchase at the end of the Index Floating Rate Mode on July 1, 2025.

Repayment will be scheduled as interest only payments for the first 3 years, followed by payment of principal and interest amortized over 25 years.

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

The Painted Turtle's mission is to offer children with serious medical conditions and their families a unique camp experience designed to foster personal growth and exploration. Their goal is to empower campers to make new friends, try new things, build self-confidence, and become more independent in their medical care and to help their campers discover all that is possible in their lives.

The Painted Turtle is the first year-round camp of its kind on the West Coast and serves more than 2,400 children ages 6 to 17 and their families every year. Since it opened in 2004, over 51,000 children and their families have been served. The camp has a full-time on-site medical staff along with 140 volunteer physicians and nurses who help take care of children with intensive care needs such as hemodialysis, tube-feeding, home ventilators, tracheostomy tubes, and venous catheters. Children afflicted with over 73 different medical conditions visit The Painted Turtle camp every year.

The Painted Turtle's summer and weekend camps are offered free of charge to all families.

Refunding the Series 2003 Bonds

The refunding of outstanding Series 2003 Bonds will reduce costs associated with a letter of credit backed Variable Rate Demand Bonds by removing the remarketing, rating, trustee, and draw fees. The cost savings are expected to result in an aggregate debt service payment savings of approximately \$30,000 per year. This translates into an estimated \$380,000 on a present value basis or approximately 3.8% of the refunded par amount. The savings will enable The Painted Turtle to continue with their mission of delivering services to children with serious medical conditions.

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:	11/7/2017
Publications:	<i>Antelope Valley Press and The Daily Recorder</i>
Date of TEFRA Hearing:	11/21/2017
Oral/Written Comments:	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Explain:
ELIGIBILITY REVIEW	
Applicant meets all of the I-Bank 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. 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 the IBank in connection with the financing and to make all the scheduled payments. See Appendix C for Financial Statements. 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 No. 18-09 authorizing the issuance of Conduit Tax-exempt Variable Rate Obligations in an aggregate amount not to exceed \$10,000,000, for the benefit of The Painted Turtle.

APPENDIX A: GOVERNANCE AND MANAGEMENT

BOARD OF DIRECTORS

Page Adler	Founder/Chairman of the Board
Lou Adler	Music Producer
Tom Amster	Senior Managing Director Macquarie Capital (USA) Inc.
Glenn Bozarth	Volunteer
Larry Brown	Basketball Coach
Shelly Brown	Board Member, Child Advocates & the Children's Crisis Treatment Center in Philadelphia, PA
Melanie Cook	Partner, Ziffren Brittenham LLP
Janet Crown	Owner, Burn 60 Fitness Studio
Jessica Curran	Senior Vice President, Oaktree Capital Management
Dr. Lorry Frankel, M.D.	Chair, Department of Pediatrics, California Pacific Medical Center
Steve Gaggero	Managing Director, Pacific Coast Management
John Gilbert	President, Van Law Food Products, Inc.
Helen Graves	Philanthropist
Laurentius Harrer	Senior Vice President, Capital Guardian Trust Company
David M. Hernand, Esq.	Partner, Paul Hastings LLP
Sue Ann Masson	Co-Founder, Green Lantern Stables LLC
Nicole Mather	Founder and CEO, House of Sillage
Seth Miller	General Partner & Investment Committee, DBL Investors
Carolyn Powers	Philanthropist
Eric Pulier	VP & GM, Cloud
Tony Ressler	Partner, Ares Management LLC
Joseph Rice*	Executive Vice President, Wells Fargo & Company
Mike Van Wyk	Vice President, Global Head of Customer Research, Capital Group

OFFICERS	
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Chris Butler	Chief Executive Officer
Allen McBroom	Chief Operating Officer

***Note Regarding the Painted Turtle's Board Member**

Bond counsel confirmed that Joseph Rice, Executive Vice President for Wells Fargo & Company recused himself from decisions related to this transaction.

APPENDIX B: PROJECT PHOTOS



Main dining hall at The Painted Turtle camp (top) and the “Shell Well” medical facility (below)





Various activities available to campers at The Painted Turtle Summer Camp.





Boats and kayaks at Munz Lake

