

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (IBank)**

**STAFF REPORT**

**INFRASTRUCTURE STATE REVOLVING FUND (ISRF) PROGRAM  
DIRECT FINANCING EXECUTIVE SUMMARY**

<b>Applicant:</b> City of Goleta (City)	<b>ISRF Project Type:</b> Infrastructure Project	<b>ISRF Project Category Type:</b> Educational, Cultural, and Social
<b>Amount Requested:</b> \$10,000,000 (Financing)	<b>Financing Term:</b> 30 years	<b>Interest Rate:</b> <sup>1</sup> 2.64%
<b>Source of Repayment:</b> General Fund (Fund)		<b>Fund Rating/Date:</b> None
<b>Leasehold Interest:</b> City Hall Building		
<b>Project Name:</b> City Hall Purchase Project (Project)		<b>Project Location:</b> 130 Cremona Drive, Goleta, CA 93117

**Project Description / Source and Use of Proceeds:**

The Project consists of the purchase of an approximate 2.04 acre parcel that is improved with an existing two story 39,718 square foot (sf) building (City Hall) commonly known as 130 Cremona Drive, Goleta, California. (APN/Parcel ID: 073-33-014)

**Use of Financing Proceeds:**

The ISRF Program financing would provide funds for the acquisition of the Project.

Project Uses	Project Sources		
	IBank	City of Goleta	Total
City Hall Purchase Project	\$10,000,000	\$1,515,400	\$11,515,400
Origination Fee		100,000	100,000
<b>Total</b>	<b>\$10,000,000</b>	<b>\$1,615,400</b>	<b>\$11,615,400</b>

<sup>1</sup> Interest Rate provided on November 19, 2019

**Credit Considerations:**

Lease Payment and Fund Balance analysis for the Financing is summarized as follows:

<b>Lease Payment and Fund Balance Analysis</b>					
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$4,100,133	\$77,121	\$3,783,862	\$3,566,719	(\$1,956,129)
+ Transfers In <sup>(1)</sup>	43,220	35,700	31,280	67,038	19,919
+ Add Back of Current Lease Expense	563,952	563,952	563,952	563,952	563,952
+ Add Back Extraordinary Items <sup>(2)</sup>		4,434,091			2,656,172
Total Available Revenues	4,707,305	5,110,864	4,379,094	4,197,709	1,283,914
Proposed IBank Lease Payment	513,054	513,054	513,054	513,054	513,054
<b>Revised Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$4,194,251</b>	<b>\$4,597,810</b>	<b>\$3,866,040</b>	<b>\$3,684,655</b>	<b>\$770,860</b>

<sup>1</sup> Recurring Inter-fund transfers that consist of operating transfers or reimbursements from funds receiving revenue to the Fund.

<sup>2</sup> One-time capital outlay including purchase of land in FY 2015, and acquisition of a building for the Goleta Train Depot project in FY 2018.

The City's Fund has sufficient revenues to make the proposed lease payment in four of the five historical years reviewed, and in all five years when one-time expenses are added back and available to cover the proposed lease payment. Further, the City paid \$563,952 annually to lease the City Hall space, which would essentially be replaced with the \$513,054 maximum annual debt service (MADS) payment of the proposed Financing. As such, IBank MADS would amount to a decrease in expenditures of \$50,898, or 9%, over the cost of leasing.

**Support for Staff Recommendations:**

1. Lease Payment and Fund Balance Analysis demonstrates the City's ability to service the proposed Financing.
2. The City's Unassigned Fund balance is over \$4,286,175, more than eight times the proposed lease payment.
3. Total debt service obligations, inclusive of the proposed Financing, of the Fund is 1.87% of total Fund revenue, below the 15% IBank maximum for general fund financings.
4. The useful life of the Project is 45 years, which exceeds the 30 year term of the Financing.

**IBank Staff:**

Lina Benedict, John Lee, and John Weir

**Date of Staff Report:**

January 23, 2020

**Date of IBank Board Meeting:**

February 26, 2020

**Resolution Number:**

20-03

**Staff Recommendation:**

Staff recommends approval of Resolution No. 20-03 authorizing ISRF Program Financing in an amount not to exceed \$10,000,000 to the City of Goleta for the City Hall Purchase Project.

## PROJECT DESCRIPTION

The City of Goleta (City) requests ISRF Program financing in the amount of \$10 million (M) (Financing) to reimburse the costs of the Project, the purchase of a City Hall building and an approximate 2.04 acre parcel (Exhibit 1). The City purchased the land and building on November 7, 2019. Due to the timing of the project the City council approved a reimbursement resolution, therefore, the City will reimburse itself with the Project Financing.

The City Hall building is located at 130 Cremona Drive, Goleta CA. The City currently occupies about 26,395 square feet, or two-thirds of the 39,718 square foot building. The remaining one-third of the building is now vacant, since the previous tenant moved out at the end of January 2019. The City plans to expand into the extra space, therefore occupying the entire building.

The City Hall building houses all general government functions such as The City Council (Council), City Manager's Office, City Attorney, City Clerk, Community Relations, Support Services (Human Resources), Finance, Planning Department, Public Works Department, Neighborhood Services and Public Safety, and Police Services.

### **Public Benefits**

The Project provides the City the opportunity to own its City Hall location allowing the City greater flexibility, control, and configuration options to best serve the community without interruption of services or relocation costs.

The proposed financing will also provide a net savings in lease payments of about \$50,898 compared to the current lease, while delivering the City approximately one-third more office space from the acquisition of space previously occupied by another tenant. Further, the additional space will accommodate the future growth of City departments.

## GENERAL INFORMATION

The City of Goleta was incorporated on February 1, 2002 as a General Law City under the laws of the State of California. The City encompasses approximately eight square miles in southern Santa Barbara County and has a population of approximately 32,000. The City is located 10 miles west of the City of Santa Barbara and 90 miles northwest of Los Angeles. In close proximity to the City is the University of California, Santa Barbara (UCSB), and the student community of Isla Vista.

The City operates under the Council-Manager form of government. The Council is comprised of four members elected for four-year staggered terms, with one elected Mayor who serves a two-year term. The City Manager is appointed and governed by the Council.

**CREDIT ANALYSIS**

**Source of Financing Repayment**

<b>Source of Revenue to Repay Proposed ISRF Program Financing:</b>	General Fund
<b>Outstanding General Fund Bond and Lease Obligations:</b>	N/A
<b>Type of Audited Financial Documents Reviewed:</b>	<input checked="" type="checkbox"/> Comprehensive Annual Financial Reports (CAFR) <input type="checkbox"/> Basic Financial Statements (F/S) <input type="checkbox"/> Other: _____
<b>Fiscal Year Ends:</b>	June 30
<b>Audit Fiscal Years Reviewed:</b>	2014-2018
<b>The auditor's reports for all years indicate that the financial statements present fairly, in all material respects, the financial position of the City, and that the results of its operations and the cash flows are in conformity with generally accepted accounting principles.</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No. [If no, explain]
<b>Adopted Budget(s) Reviewed:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No. [If no, explain]
<b>Budget Year(s) Reviewed:</b>	2020-2021

## Comparative Balance Sheet- Analysis

Summary of the Fund's Comparative Balance Sheet for the last five fiscal years are as follows:

CITY OF GOLETA GENERAL FUND BALANCE SHEET										
Fiscal Year Ending (FYE) June30	2014		2015		2016		2017		2018	
Source:	CAFR	% <sup>(1)</sup>	CAFR	% <sup>(1)</sup>	CAFR	% <sup>(1)</sup>	CAFR	% <sup>(1)</sup>	CAFR	% <sup>(1)</sup>
<b>Assets</b>										
Cash and Investments	\$12,315,191	71.5%	\$12,552,784	59.3%	\$17,141,405	84.1%	\$20,622,155	87.0%	\$16,505,249	74.7%
Accounts	2,046,439	11.9%	2,433,545	11.5%	2,886,341	14.2%	2,188,109	9.2%	2,569,065	11.6%
Interest	433	0.0%	552	0.0%	980	0.0%	1,659	0.0%	3,042	0.0%
Due From Other Funds	2,406,741	14.0%	5,767,929	27.3%	275,013	1.3%	742,839	3.1%	2,974,957	13.5%
Deposits	2,000	0.0%	2,000	0.0%	2,000	0.0%				
Prepaid Items	460,192	2.7%	408,865	1.9%	80,990	0.4%	135,766	0.6%	50,197	0.2%
<b>Total Assets</b>	<b>17,230,996</b>	<b>100.0%</b>	<b>21,165,675</b>	<b>100.0%</b>	<b>20,386,729</b>	<b>100.0%</b>	<b>23,690,528</b>	<b>100.0%</b>	<b>22,102,510</b>	<b>100.0%</b>
<b>Liabilities and Fund Balances</b>										
Accounts Payable	1,219,989	7.1%	4,568,404	21.6%	741,662	3.6%	894,898	3.8%	1,502,729	6.8%
Accrued Salaries and Benefits	175,227	1.0%	196,880	0.9%	315,233	1.5%	118,264	0.5%	140,908	0.6%
Retentions Payable	1,404,307	8.1%	1,435,994	6.8%	2,393	0.0%			161,452	0.7%
Due to Successor Agency					512,262	2.5%	512,262	2.2%		
Deposits Payable	478,761	2.8%	902,528	4.3%	941,850	4.6%	658,608	2.8%	727,625	3.3%
Unearned Revenue	75,747	0.4%	72,083	0.3%	68,401	0.3%	67,811	0.3%	67,321	0.3%
Deferred Revenue										
<b>Total Liabilities</b>	<b>3,354,031</b>	<b>19.5%</b>	<b>7,175,889</b>	<b>33.9%</b>	<b>2,581,801</b>	<b>12.7%</b>	<b>2,251,843</b>	<b>9.5%</b>	<b>2,600,035</b>	<b>11.8%</b>
<b>Fund Balance</b>										
Nonspendable:										
Prepaid Items	460,192	2.7%	408,865	1.9%	80,990	0.4%	135,766	0.6%		
Deposits			2,000	0.0%	2,000	0.0%				
Nonspendable									50,197	0.2%
Committed	12,862,911	74.6%	12,746,021	60.2%	12,410,719	60.9%	14,007,924	59.1%	10,717,463	48.5%
Assigned For:										
Carryovers			417,369	2.0%	977,903	4.8%	4,151,227	17.5%		
Street Maintenance					1,349,424	6.6%				
CIP Project Funding					1,324,232	6.5%	1,608,095	6.8%		
Pension Benefits							170,000	0.7%		
Other Postemployment Benefits					333,500	1.6%	333,500	1.4%		
Assigned									4,448,640	20.1%
Unassigned	553,862	3.2%	415,531	2.0%	1,326,160	6.5%	1,032,173	4.4%	4,286,175	19.4%
<b>Total Fund Balances</b>	<b>13,876,965</b>	<b>80.5%</b>	<b>13,989,786</b>	<b>66.1%</b>	<b>17,804,928</b>	<b>87.3%</b>	<b>21,438,685</b>	<b>90.5%</b>	<b>19,502,475</b>	<b>88.2%</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$17,230,996</b>	<b>100.0%</b>	<b>\$21,165,675</b>	<b>100.0%</b>	<b>\$20,386,729</b>	<b>100.0%</b>	<b>\$23,690,528</b>	<b>100.0%</b>	<b>\$22,102,510</b>	<b>100.0%</b>

Total Assets grew 28.2% to over \$22M over the five years reviewed due primarily to increases in cash reserves that reflect the investment market and expanding City revenues. Due From Other Funds increased \$2.2M, or 300% in FY 2018 over FY 2017, primarily due to timing of grant funds being received. The City has had numerous grant awards received for one-time capital projects, and at the fiscal year end 2018, grant reimbursements had not been received yet. A majority of grant awards are on a reimbursable basis.

Total Liabilities were high in FY 2015 primarily due to higher Accounts Payable, which paid larger capital projects that year.

Committed Funds decreased \$3.3M in FY 2018 over FY 2017, primarily due to a one-time use of about \$2.7M to help supplement property acquisitions. The Unassigned Funds Balance was strong at \$4.3M as excess cash and investments were classified as unassigned. Fund Balance End of Year remained strong at over \$19.5M at FYE 2018.

## Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance Analysis

The Fund's Comparative Statement of Revenues, Expenses, and Changes in Fund Balance for the last five years is as follows:

**CITY OF GOLETA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

Fiscal Year Ending (FYE) June 30	2014	% <sup>(1)</sup>	2015	% <sup>(1)</sup>	2016	% <sup>(1)</sup>	2017	% <sup>(1)</sup>	2018	% <sup>(1)</sup>
Source:	CAFR		CAFR		CAFR		CAFR		CAFR	
% Change Year-over-Year in Total Revenues		N/A		0.54%		5.09%		5.15%		5.68%
<b>Revenues</b>										
Taxes	\$20,404,020	87.9%	\$20,927,264	89.7%	\$21,632,331	88.0%	\$22,557,357	87.0%	\$24,726,387	89.9%
Intergovernmental	20,726	0.1%	23,211	0.1%	12,413	0.1%				
Charges For Services	2,066,937	8.9%	1,695,550	7.3%	2,198,422	8.9%	2,271,386	8.8%	1,370,729	5.0%
Licenses and Permits			4,756	0.0%	2,436	0.0%	16,713	0.1%	276,935	1.0%
Fines and Forfeitures	176,260	0.8%	197,928	0.8%	156,125	0.6%	129,051	0.5%	157,573	0.6%
Investment Income	168,314	0.7%	150,161	0.6%	157,249	0.6%	172,532	0.7%		
Use of Money and Property									264,565	1.0%
Other	378,825	1.6%	341,690	1.5%	433,822	1.8%	781,110	3.0%	693,602	2.5%
<b>Total Revenues</b>	<b>23,215,082</b>	<b>100.0%</b>	<b>23,340,560</b>	<b>100.0%</b>	<b>24,592,798</b>	<b>100.0%</b>	<b>25,928,149</b>	<b>100.0%</b>	<b>27,489,791</b>	<b>100.0%</b>
<b>Expenditures</b>										
Current:										
General Government	4,945,251	21.3%	5,044,002	21.6%	6,434,016	26.2%	6,703,041	25.9%	6,172,071	22.5%
Public Safety	7,344,193	31.6%	7,396,306	31.7%	7,385,445	30.0%	7,556,368	29.1%	8,315,526	30.2%
Public Works	2,758,632	11.9%	2,388,765	10.2%	2,583,980	10.5%	3,671,057	14.2%	7,430,337	27.0%
Community Services	4,024,234	17.3%	4,000,275	17.1%	4,197,928	17.1%	4,187,412	16.2%	4,455,242	16.2%
Community Development									232,876	0.8%
Capital Outlay	20,632	0.1%	4,434,091	19.0%	207,567	0.8%	243,552	0.9%	2,839,868	10.3%
<b>Debt Service</b>										
Principal	22,007	0.1%								
<b>Total Expenditures</b>	<b>19,114,949</b>	<b>82.3%</b>	<b>23,263,439</b>	<b>99.7%</b>	<b>20,808,936</b>	<b>84.6%</b>	<b>22,361,430</b>	<b>86.2%</b>	<b>29,445,920</b>	<b>107.1%</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>4,100,133</b>	<b>17.7%</b>	<b>77,121</b>	<b>0.3%</b>	<b>3,783,862</b>	<b>15.4%</b>	<b>3,566,719</b>	<b>13.8%</b>	<b>(1,956,129)</b>	<b>-7.1%</b>
<b>Other Financing Sources (Uses)</b>										
Transfers In	43,220		35,700		31,280		67,038		19,919	
Transfers Out	(5,776,864)									
<b>Total Other Financing Sources (Uses)</b>	<b>(5,733,644)</b>		<b>35,700</b>		<b>31,280</b>		<b>67,038</b>		<b>19,919</b>	
<b>Net Change in Fund Balance</b>	<b>(1,633,511)</b>		<b>112,821</b>		<b>3,815,142</b>		<b>3,633,757</b>		<b>(1,936,210)</b>	
<b>Fund Balance, Beginning of Year</b>	<b>15,510,476</b>		<b>13,876,965</b>		<b>13,989,786</b>		<b>17,804,928</b>		<b>21,438,685</b>	
<b>Fund Balance, End of Year</b>	<b>\$13,876,965</b>		<b>\$13,989,786</b>		<b>\$17,804,928</b>		<b>\$21,438,685</b>		<b>\$19,502,475</b>	

<sup>(1)</sup> Calculated as a percent of Total Revenues

Total Revenues have increased 18.4% over the years reviewed. Property tax, sales tax, transient occupancy tax (TOT), and franchise fees comprise approximately 90% of the City's Fund revenues for FY 2018. The growth in revenues is primarily due to growth in the City and building related fees. The City has had significant development over the last five years, which included major housing and apartment buildings, commercial buildings, and two new hotels.

Public Works Expenditures increased 42% in FY 2017 primarily due to a pavement rehabilitation project and staffing level changes. The FY 2018 the Public Works increase was due to completing a large one-time paving project, known as the FY 2017 Pavement Rehabilitation Overlay Project.

Capital Outlay include one-time expenditures of \$4.4M in FY 2015 primarily related to a \$4.1M expenditure accrual for the San Jose Creek Capacity Improvements and Fish Passage Project, and \$2.6M in FY 2018 for the acquisition of the former Direct Relief International building 27 S. La Patera, for the Goleta Train Depot project.

FY 2014 shows a Transfer out of \$5.8M for Capital Projects in the City's Old Town area. The Fund Balance at FYE 2018 was strong at \$19.5M and included \$4.2M in Unassigned funds available for the City's projects and emergencies.

## Lease Payment and Fund Balance Analysis

Lease Payment and Fund Balance Analysis					
	2014	2015	2016	2017	2018
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$4,100,133	\$77,121	\$3,783,862	\$3,566,719	(\$1,956,129)
+ Transfers In <sup>(1)</sup>	43,220	35,700	31,280	67,038	19,919
+ Add Back of Current Lease Expense	563,952	563,952	563,952	563,952	563,952
+ Add Back Extraordinary Items <sup>(2)</sup>		4,434,091			2,656,172
Total Available Revenues	4,707,305	5,110,864	4,379,094	4,197,709	1,283,914
Proposed IBank Lease Payment	513,054	513,054	513,054	513,054	513,054
<b>Revised Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$4,194,251</b>	<b>\$4,597,810</b>	<b>\$3,866,040</b>	<b>\$3,684,655</b>	<b>\$770,860</b>

<sup>1</sup> Recurring Inter-fund transfers that consist of operating transfers or reimbursements from funds receiving revenue to the Fund.

<sup>2</sup> One-time capital outlay including purchase of land in FY 2015, and acquisition of a building for the Goleta Train Depot project in FY 2018.

The Fund has adequate funds to cover the proposed lease payment in four of the five historical years reviewed, without considering one-time capital outlay. When the one-time nonrecurring expenses are added back the Fund has adequate funds to cover the proposed lease payment in all the five historical years reviewed. The addbacks for Extraordinary Items include one-time capital outlay expenditures of \$4.4M in FY 2015 and \$2.6M in FY 2018.

Transfers in are recurring Inter-fund transfers that consist of operating transfers or reimbursements from other City funds. These transfers are ongoing and are therefore added back.

The City paid \$563,952 annually to lease the current City Hall space, which would essentially be replaced with the \$513,054 MADS payment of the proposed Financing. As such, IBank MADS would result in a decrease in expenditures of \$50,898, or 9%. The City is already paying for Common Area Maintenance Expenses and these are included in General Expenses and were not added back.

### Analysis of the Proposed Leased Asset

The City proposes to finance the Project under a lease/lease-back financing agreement. To determine the value of the security IBank used the recent purchase price pursuant to the Buyer's Closing Statement dated November 7, 2019, prepared by Chicago Title Company. Given the purchase has taken place within the previous twelve months, this valuation is deemed appropriate and acceptable to IBank.

Name of Asset	Year Built	Building Size (square feet)	Type of Construction	Estimate of Value
City Hall	1993	39,718	Concrete Tilt-Up	\$11,515,400
<b>Total Value</b>				<b>11,515,400</b>
<b>Lease Amount</b>				<b>\$10,000,000</b>
<b>Value-to-Lease</b>				<b>1.15</b>

The table above shows the purchase value of the Leased Asset. Staff received and reviewed a Preliminary Report for the Leased Asset. All exceptions are customary, reasonable, and acceptable to IBank. A Pro Forma Title Policy would be required no later than three weeks prior to closing. Per the appraisal, the fair rental value at \$1.50 per sq. ft. is \$714,924 (i.e. 39,718 \*\$1.50) which is which is higher than the proposed lease payment.

## **Risk Factors**

1. The security is a leasehold interest on Leased Asset and not a lien on the Fund or any other governmental fund.
2. Under State law governing the proposed ISRF Program financing, lease payments to IBank (designed to match debt service) are subject to abatement, with the amount of abatement proportionate to the extent and disruption, of the Borrower's use of the Leased Asset.
3. Under State law governing the proposed ISRF Program financing, acceleration in the event of default by the Borrower is prohibited. Thus, in the event of payment default, IBank must either annually pursue a remedy of compelling past due lease payments or institute an unlawful detainer action to obtain possession of the Leased Asset for purposes of re-letting.

## **Mitigating Factors**

1. The Borrower will covenant to annually budget and appropriate lease payments.
2. The Borrower will covenant to procure rental interruption insurance for the Leased Asset in the event of loss of use (abatement), such insurance would cover abated lease payments for a period of at least six months beyond the period required to rebuild the Leased Asset.
3. The Borrower will obtain title insurance in favor of IBank and will covenant against permitting additional encumbrances against the Leased Asset.
4. Lease payments from the Fund provide a broad source of funds and greater flexibility to the Borrower to meet the required Lease obligations.

## **Compliance with IBank Criteria, Priorities, and Guidelines**

The application and the proposed financing are in accordance with IBank Criteria, Priorities and Guidelines (ISRF Criteria).

- The total Fund obligation (inclusive of the Financing) is less than 15% of the City's Total Revenues for FY 2018
- The Leased Asset is the City Hall and is acceptable to IBank
- The Fund adequately covers existing expenditures, financing obligations, and the proposed IBank Lease payments
- The useful life of the Project is over 45 years (as determined by the appraisal) and exceeds the term of this Financing



## STAFF RECOMMENDATION

Staff recommends approval of Resolution No. 20-03 authorizing ISRF Program financing to the City of Goleta for the City Hall Purchase Project as follows:

1. Applicant/Borrower: City of Goleta
2. Project: City Hall Purchase Project
3. Amount of ISRF Program financing: \$10,000,000
4. Maturity: Not to exceed 30 years
5. Repayment/Leased Asset: General Fund Lease provides IBank with a leasehold interest on City Hall (Leased Asset).
6. Interest Rate: 2.64%
7. Fees: The City to pay the origination fee of 1.00%, \$100,000 upon loan closing, and an annual fee of 0.30% of the outstanding balance.
8. Not an Unconditional Commitment: IBank's resolution shall not be construed as unconditional commitment to finance the Project, but rather IBank's approval pursuant to the resolution is conditioned upon entry by IBank and the Borrower into an ISRF Program financing agreement(s), in form and substance satisfactory to IBank.
9. Limited Time: The Board's approval expires 180 days from the date of its adoption. Thus, the City and IBank must enter into the ISRF Program financing agreement(s) no later than 180 days from such date. Once the approval has expired, there can be no assurances that IBank will be able to provide the ISRF Program financing or consider extending the approval period.
10. ISRF Program Financing Agreement Covenants: Aside from usual and customary terms and conditions for this type of ISRF Program financing, Staff recommends IBank's ISRF Program financing agreement(s) includes without limitation, the following additional conditions and covenants:
  - a. Comply with all applicable requirements of ISRF Program Criteria.
  - b. Budget and appropriate funds sufficient to make annual Lease payments.
  - c. Procure an ALTA title insurance policy.
  - d. Not encumber further the Leased Asset.
  - e. Provide to IBank within 180 days of the end of each fiscal year a copy of its audited financial statements, together with an annual certificate demonstrating compliance with the foregoing covenants, as well as other information as IBank may request from time to time.

Exhibit 1 - City Hall (Leased Asset)

