

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

**STAFF REPORT**

**EXECUTIVE SUMMARY**

<b>Applicant:</b>	United Cerebral Palsy of the North Bay, Inc. ("Borrower" or "UCPNB")	<b>Amount Requested:</b>	Not to exceed \$16,000,000
<b>Applicant Description:</b>	Founded in 1981, UCPNB, a California 501(c)(3) nonprofit public benefit corporation, is a local affiliate of United Cerebral Palsy. UCPNB serves children and adults with disabilities and their families living in Sonoma, Napa, and Solano Counties. Their mission is to enhance the quality of life of people with cerebral palsy and other disabilities, their families, and their communities.		
<b>Type of Financing:</b>	Conduit Tax-Exempt Variable Rate Obligations ("Obligations")		
<b>Project Description:</b>	The proceeds of the Obligations will be used to, (1) finance and/or refinance the cost of the acquisition, improvement, equipping, and furnishing of Borrower's educational, employment, social service, administrative, and ancillary facilities at the Project sites, and (2) pay certain costs of issuance in connection with the issuance of the Obligations.		
<b>Project Site:</b>	500, 514, and 518 Technology Way, Napa, CA; 3835 and 3880 Cypress Drive, Petaluma, CA; 1301A Rand Street, Petaluma, CA; 315 Second Street, Petaluma, CA; 2860 Cordelia Road, Fairfield, CA; 6800 Hunter Drive, Rohnert Park, CA; and 5100 Fulton Drive, Fairfield, CA. (Napa, Solano, and Sonoma Counties)		
<b>Plan of Finance:</b>	(1) Refund current outstanding tax-exempt obligations of, (a) IBank's, UCPNB 2015 obligation; and (b) ABAG's UCP 2014 obligation, (collectively, "Prior Obligations"); (2) fund the acquisition, improvement, equipping and furnishing of the real property located at 5100 Fulton Drive, Fairfield, California; (3) finance and/or refinance the acquisition of vehicles and equipment; and (4) pay for Costs of Issuance.		
<b>Type of Issue:</b>	Private Placement		
<b>Tax Status:</b>	Tax-exempt		
<b>Term:</b>	25 years		
<b>Credit Enhancement:</b>	None		
<b>Credit Rating:</b>	Unrated		
<b>IBank Fees:</b>	Application Fee \$3,000; Issuance Fee \$45,000; Initial Annual Fee \$1,000 per year		
<b>Estimated Sources of Funds:</b>		<b>Estimated Uses of Funds:</b>	
Tax-exempt Obligations	\$16,000,000	Refunding Prior Obligations	\$11,681,861
		Property Purchase	\$4,018,139
		Costs of Issuance	\$300,000
<b>TOTAL SOURCES</b>	<b>\$16,000,000</b>	<b>TOTAL USES</b>	<b>\$16,000,000</b>
<b>Financing Team:</b>			
<b>Bond Counsel:</b>	Sam Balisy, Kutak Rock LLP		
<b>Private Placement:</b>	Ryan Pyne, First Northern Bank of Dixon		
<b>Financial Advisor:</b>	Josh Winter, Western Solutions		
<b>Public Benefits:</b>	UCPNB's core mission is to enhance the lives of people suffering from cerebral palsy and other debilitating conditions. Annually, UCPNB provides education, employment, and recreation services and activities for over 750 children and adults with cerebral palsy and other severe health problems, such as autism and epilepsy. The refunding portion of this transaction is expected to result in a monthly savings of \$5,060 and an annual savings of \$60,720, money the Borrower will be able to use to further its core mission. The new money portion of this financing will allow UCPNB to purchase a new facility located at 5100 Fulton Drive in Fairfield, increasing UCPNB's capacity to provide services for disabled people.		
<b>Date of Board Meeting:</b>	<b>Resolution Number:</b>	<b>Prepared by:</b>	
August 28, 2018	18-12	Steven Wright	

**Staff Recommendation:** Staff recommends approval of the Resolution No. 18-12 authorizing the issuance of Conduit Tax-exempt Obligations, in an amount not to exceed \$16,000,000 for the benefit of United Cerebral Palsy of the North Bay, Inc.

## BACKGROUND AND HISTORY

United Cerebral Palsy of the North Bay, Inc. (UCPNB) is an affiliate of United Cerebral Palsy (UCP), an international nonprofit charitable organization founded in 1949, whose mission is to advance the independence, productivity, and full participation in community life of people with various types of disabilities through its affiliate network. Each affiliate provides different levels of services tailored to the needs and capabilities of the children and adults they serve.

UCPNB was founded in 1981. It provides services for children and adults with various types of disabilities and their families living in Sonoma, Napa, and Solano Counties. Their mission is to enhance the quality of life of people with cerebral palsy and other disabilities, their families, and their communities.

The California Secretary of State reports active status for UCPNB with a registration date of 5/17/1954. Current leadership is listed in Appendix A.

## PROJECT DESCRIPTION

The Borrower is requesting the issuance of conduit tax-exempt Obligations in an amount not to exceed \$16,000,000 to (a) (1) refinance the Borrower's obligations under the Loan Agreement, dated as February 1, 2014, between the ABAG Finance Authority for Nonprofit Corporations ("ABAG") and the Borrower, pursuant to which ABAG made a loan to the Borrower to finance and refinance the cost of the acquisition, improvement, equipping and furnishing of real property and improvements located at 315 Second Street, Petaluma, California, 500 Technology Way, Napa, California and at 3835 and 3880 Cypress Drive, Petaluma, California, (2) refinance the Borrower's obligations under the Loan Agreement, dated as December 1, 2015, between IBank and the Borrower, pursuant to which IBank issued obligations and loaned the proceeds to the Borrower to finance and/or refinance the cost of the acquisition, improvement, equipping and furnishing of the Borrower's facilities located at 500, 514 and 518 Technology Way, Napa, California, 3835 and 3880 Cypress Drive, Petaluma, California, 1301A Rand Street, Petaluma, California, 2860 Cordelia Road, Fairfield, California and, (3) finance and/or refinance the cost of the acquisition, improvement, equipping and furnishing of the real property and improvements located at 5100 Fulton Drive, Fairfield, California; (4) finance and/or refinance the acquisition of vehicles and other equipment to be used at the locations identified above (collectively, the "Facilities"), and (b) pay certain costs of issuance in connection with the issuance of the Obligations.

UCPNB is refunding the following Prior Obligations:

Bond Issue	Par Amount	Outstanding Balance*	Interest Rate	Purpose
<b>ABAG 2014</b>	\$5,110,000	\$4,507,812	3.0%	Refinance the cost of the acquisition, improvement, equipping and furnishing of real and personal property.
<b>IBank 2015</b>	\$7,796,000	\$7,174,049	2.6%	Finance and refinance the cost of originally acquiring and improving real and personal property.

\* Includes Principal plus accrued Interest and Prepayment Penalty

Among other things, the ABAG 2014 obligations financed and refinanced the costs of the acquisition, improvement, equipping, and furnishing of real property and improvements at the Technology Way property in Napa and the Cypress Drive property in Petaluma. Subsequently, IBank's 2015 obligations financed additional improvements at these properties.

The Project is comprised of the following properties:

<b>Cypress Secondary School</b> 3835 Cypress Drive, Suite 103 Petaluma, CA 94954 Sonoma County	<b>Cypress Primary School</b> 3880 Cypress Drive Petaluma, CA 94954 Sonoma County
<b>WineBev Services</b> 500 Technology Way Napa, CA 94558 Napa County	<b>New acquisition</b> 5100 Fulton Drive Fairfield, CA 94534 Solano County
<b>Gone For Good</b> 514 Technology Way Napa, CA 94558 Napa County	<b>ABB – Tenants</b> 518 Technology Way Napa, CA 94558 Napa County
<b>OADS Day Program</b> 1301A Rand Street Petaluma, CA 94954	<b>Petaluma Recycling Services</b> 315 Second Street Petaluma, CA 94952
<b>Gone For Good</b> 2860 Cordelia Road Fairfield, CA 94534	<b>Seniors Program</b> 6800 Hunter Drive Rohnert Park, CA 94928

**New acquisition/Gone for Good**

5100 Fulton Drive  
 Fairfield, CA 94534  
 Solano County

## FINANCING STRUCTURE

### **IBank Term Sheet United Cerebral Palsy of the North Bay Date: August 28, 2018**

<b>Par Amount:</b>	Not to exceed \$16,000,000; in conduit Tax-exempt Obligations
<b>Type of Offering:</b>	Private Placement
<b>Private Purchaser:</b>	First Northern Bank of Dixon
<b>Credit Enhancement:</b>	No Credit Enhancement
<b>Expected Credit Rating:</b>	No Credit Rating Expected
<b>Interest*:</b>	Variable, based on 72% of 1-Month LIBOR plus 1.80% Spread, initial indicative rate of 4.09% per annum.
<b>Collateral:</b>	A Deed of Trust on each portion of the Project securing the loan associated with such portion of the Project, and a Security Agreement and UCC-1 filing on the personal property assets of the Borrower.
<b>Guaranty:</b>	None
<b>Closing Date*:</b>	September 14, 2018
<b>Conduit Transaction:</b>	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 Rate and Closing Date are subject to change.

### **Financing Structure**

At the direction of the Lender, the proceeds of the Obligations will be loaned to the Borrower pursuant to as many as five separate but related Loan Agreements. Each Loan Agreement will be specific to certain parcels of property, and will have its own specific collateral and security agreements, but all will have identical covenants and be subject to cross-default provisions.

The Obligations will bear interest under each Loan Agreement at a variable rate, based on 72% of 1-Month LIBOR plus 1.80% Spread. At closing the Borrower will enter into a swap agreement to convert the Obligations' variable rate to a synthetic fixed rate. The Obligations will mature on September 1, 2043. Transfer of the Obligations will be limited to Qualified Institutional Buyers and the Obligations may only be transferred in whole.

## 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

### Community Benefits

Services offered by UCPNB are tailored to improve the quality of life and promote full inclusion in community life by providing education and employment opportunities, resources, referral, advocacy, and community integration services to people suffering from cerebral palsy and other disabilities. UCPNB Cypress School in Petaluma provides primary and secondary education for students with autism and significant behavioral problems, ranging from ages 6 to 22. UCPNB WineBev Services offers a wine repacking and hand labeling service in Napa. Gone for Good is a social enterprise of UCPNB in Fairfield and provides secure document shredding and eWaste programs to the public. UCPNB Old Adobe Developmental Services (OADS) in Petaluma provides employment, education, and recreation services.

Primary activities associated with this Obligation:

#### Education

**Cypress Primary School:** Provides non-public school services for children with developmental disabilities.

#### Social Enterprises

**WineBev Services:** WineBev Services is an employment program for adults with disabilities located in Napa County. Services include packaging and repacking for wineries in Napa and Sonoma Counties.

**Gone for Good:** Gone for Good is a social enterprise of UCPNB and provides employment opportunities for adults with disabilities. The program provides secure document destruction; e-waste deconstruction; and printing and mailing to the public.

**Old Adobe Developmental Services (OADS):** OADS provides employment, education, and recreation services to people with disabilities in Sonoma County.

#### Senior Services

UCPNB offers mature adults with disabilities the opportunity to remain engaged in the community through social, cultural, and recreational activities both onsite and via regional day trips.

With the addition of the new facility located at 5100 Fulton Drive, Fairfield, California, UCPNB's capacity to serve people with developmental disabilities will increase from 71 to 90 clients. UCPNB provides education, employment, and recreation for over 750 children and adults with intellectual disabilities, cerebral palsy, autism and epilepsy annually. UCPNB has over 200 staff and 75 volunteers assisting with different programs.

**Financial Benefits**

The total monthly payment for the 2014 ABAG and 2015 IBank obligations, combined with the new money for 2018 Obligations would be \$86,500. If the 2014 and 2015 obligations are refinanced into the 2018 loan, the monthly payment is estimated to be \$81,440, for a monthly savings of \$5,060 and an annual savings of \$60,720. This savings will enable the Borrower to focus additional resources on its core mission. Additionally, by entering into this financing, the Borrower will be able to avoid certain restrictive covenants associated with the 2015 financing. The 2015 financing was secured by \$13,900,000 of cash collateral, the investing of which was severely restricted. Releasing the restriction on cash will allow UCPNB to invest as it would like or use those funds to purchase another facility without additional borrowing.

**OTHER PROJECT DATA**

<b>PERMITS AND APPROVAL</b>	
Required?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, Describe: All approvals have been obtained.
<b>TEFRA</b>	
Date of TEFRA Notice:	August 14, 2018
Publications	The Daily Recorder, Napa Valley Register, The Press Democrat, and The Reporter (Vacaville)
Date of TEFRA Hearing:	August 28, 2018
Oral/Written Comments	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Explain:
<b>ELIGIBILITY REVIEW</b>	
Applicant meets all of the I-Bank eligibility criteria? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	<ol style="list-style-type: none"> <li>1. Project is in the State of California.</li> <li>2. (Applicant) is capable of meeting the obligations incurred under relevant agreements.</li> <li>3. Payments to be made by (Applicant) 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.</li> <li>4. The proposed financing is appropriate for the Project.</li> </ol>
<b>INDUCEMENT CERTIFICATE</b>	
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. 18-12 authorizing the issuance of Conduit Tax-exempt Obligations for an aggregate amount not to exceed \$16,000,000 for the benefit of United Cerebral Palsy of the North Bay, Inc.

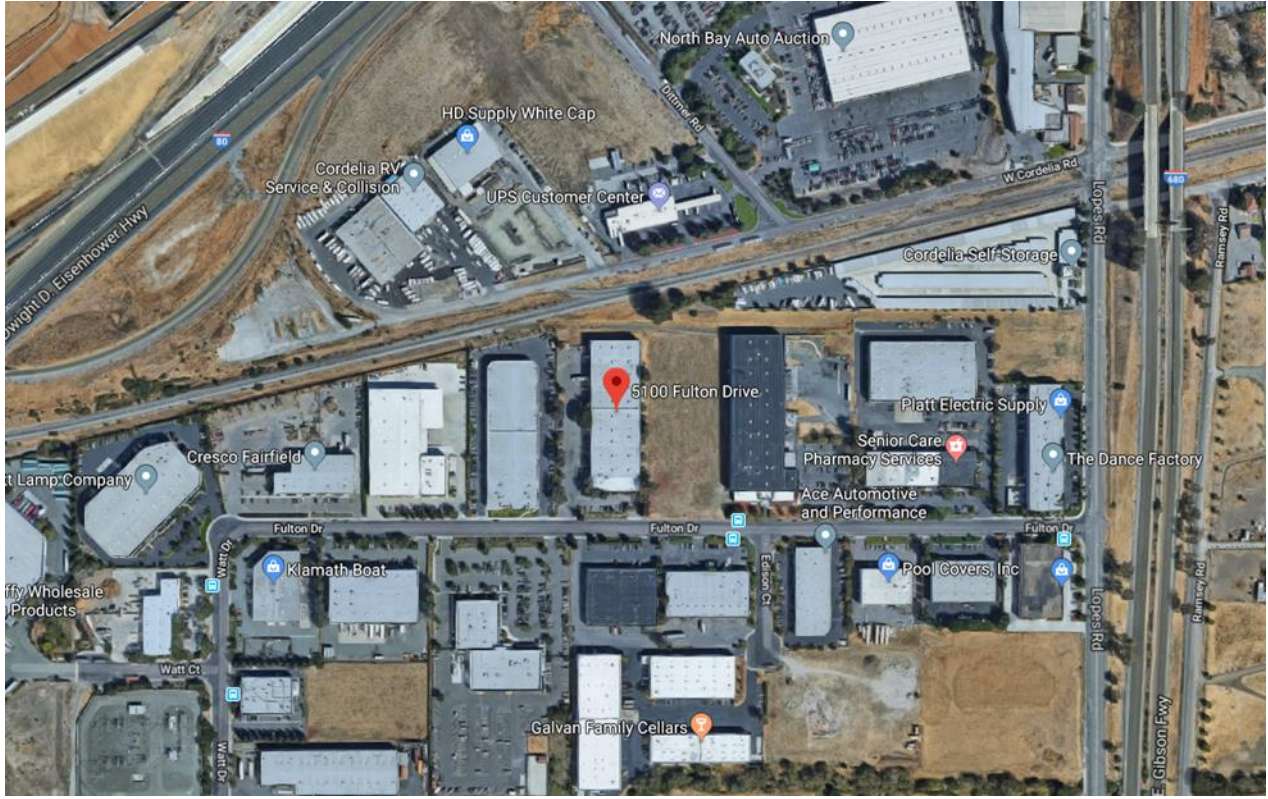
**APPENDIX A: GOVERNANCE AND MANAGEMENT**

<b>BOARD OF DIRECTORS</b>	
Steve Lohrer, Board President	Napa County Office of Education Santa Rosa CA
Connie Silva-Broussard, Board Vice-President	California Institute on Human Resources Inc. Santa Rosa, CA
Jamie Hidalgo, Board Treasurer	Poppy Bank Santa Rosa, CA
Mary Ann Malinak, Board Secretary	MSquared Consulting San Francisco, CA
Elaine McHugh, Ph.D., Member	Sonoma State University Sonoma, CA
Jim Sipich, Member	CRC Insurance Services City, State: Petaluma, CA
Mariah Shields, Member	Arrow Benefits Group City, State: Penngrove, CA
Claire Martin, Member	Participant and Volunteer UCPNB, Retired

<b>OFFICERS</b>	
Margaret Farnen	Chief Executive Officer
Ron Hamilton	Chief of Operations
Aludia Noguera	Chief Financial Officer



## APPENDIX B: PROJECT PHOTOS



[Aerial view of property](#)



[Entrance of the building](#)



[Side view of the building](#)

**APPENDIX C: FINANCIAL STATEMENTS 2015 – 2017**