

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK
(IBank)
INFRASTRUCTURE STATE REVOLVING FUND (ISRF) PROGRAM**

**STAFF REPORT
AMENDMENT EXTENDING BOARD APPROVAL TERM**

EXECUTIVE SUMMARY

<p>Sponsor: The City of Sacramento Applicant: Theatre for Children, Inc. dba The B Street Theatre, a California nonprofit public benefit corporation (B Street)</p>	<p>Amount Requested: \$8,400,000</p>
<p>Applicant Rating: Not rated Repayment Source: Ticket Sales Surcharge; Payment Guarantee from Sutter Health; Tri-Party Agreement among Sutter Medical Center, B Street, and IBank; and Debt Service Reserve Fund</p>	<p>Term: Not to exceed 30 years Term in 2 parts, as provided in IBank Board Resolution 14-06 (Resolution)</p>
<p>Project Name: The B Street Theatre Expansion Project (Project)</p>	<p>Interest Rate: 2.06% on First Loan (defined in Resolution) 4.15% on Second Loan (defined in Resolution)</p>
<p>Project Location: 2700-2710 Capitol Avenue & 1315 27th Street, Sacramento, California 95816</p>	<p>Origination Fee: 1.25% (based on complexity of proposed loan) Annual Fee: 0.30%</p>
<p>Project Description: The Project consists of the construction of a new 45,000 foot theatre complex to be located at 27th and Capitol Avenue in Sacramento’s midtown area on land donated by Sutter Medical Center (Sutter) to B Street.</p>	<p>Project Type: <input type="checkbox"/> Infrastructure Project <input checked="" type="checkbox"/> Economic Expansion Project Category: Recreational, educational and social welfare facilities</p>
<p>Use of Financing Proceeds: To finance \$8,400,000 of the \$23,193,000 of the total Project costs (ISRF Financing).</p>	

EXECUTIVE SUMMARY continued

PROJECT SOURCES and USES					
Uses	Sources				
	IBank	B Street Theatre	Sutter Health	NMTC	Total
Land and Parking			\$5,958,000		\$5,958,000
Construction & Contingency	\$8,400,000			\$3,915,885	\$12,315,885
Furniture, Fixtures, & Equipment ⁽¹⁾		\$142,000		\$1,842,115	\$1,984,115
Architectural/Engineering/Design/Permits/Environmental/Construction Management/Title & Escrow/Moving/Other Fees				\$1,730,000	\$1,730,000
Reserve Fund (Funded with Developer Fee)				\$1,100,000	\$1,100,000
IBank Origination Fee		\$105,000			\$105,000
Total	\$8,400,000	\$247,000	\$5,958,000	\$8,588,000	\$23,193,000

Source: Financing Application & discussions with Applicant

⁽¹⁾To be funded by Pledges Receivable and Campaign Account balances each as of April 1, 2014.

IBank Staff:
Teveia R. Barnes

Date of Staff Report Amendment:
06/18/2015

Date of IBank Board Meeting: 06/23/2015

Resolution Number: 14-06

Staff Recommendation:

Staff recommends the IBank Board amend and restate its Resolution No. 14-06 to provide that the IBank Board's approval for the ISRF Program Financing to B Street Theatre would expire on December 31, 2015, rather than June 30, 2015. No other change or modification is recommended by Staff. Except as requested by this Staff Report, all other Loan Terms and Conditions set forth in Attachment B to Resolution No. 14-06 shall remain in full force and effect.

EXECUTIVE SUMMARY
AMENDMENT AND RESTATEMENT OF RESOLUTION 14-06

On May 30, 2014, the IBank Board of Directors approved Resolution 14-06 (Resolution) that authorized the financing to B Street under the ISRF Program in the principal amount not to exceed \$8,400,000 for the eligible costs of the Project (ISRF Financing). The Resolution included certain Loan Financing Terms and Conditions set forth in Attachment B to the Resolution, including a Limited Time restriction in which to consummate the ISRF Financing. The original Limited Time restriction in which to consummate the ISRF Financing was November 25, 2014. On November 18, 2014, the IBank Board amended and restated the Resolution to provide that the IBank Board's approval for the ISRF Program Financing to B Street would expire on June 30, 2015, rather than November 25, 2014. No other change or modification was made to the Resolution at that time. In order to satisfy the terms and conditions of the proposed financing, B Street and IBank must, among other things, execute a financing agreement for the First Loan no later than June 30, 2015. As described below, meeting this deadline is not possible.

B Street has made considerable progress towards satisfying the Loan Financing Terms and Conditions in the Resolution, as well as significant progress in its efforts to be able to commence construction of the Project. The Sacramento City Council has agreed to provide B Street with a \$2,500,000 grant (Sacramento Grant) from the General Fund Administrative Contingency to be used towards the Project. The Sacramento Grant is conditioned on B Street's satisfaction of the following conditions:

1. B Street shall secure all other funding (besides the Sacramento Grant) necessary to completely finance development of the Project, including sources, such as IBank, New Market Tax Credits and private donations.
2. An agreement by Sutter Health to guarantee \$1 million of debt service payments for the ISRF Financing. An agreement by Sutter Health to contribute \$50,000 annually for ten years to B Street.
3. B Street shall impose a ticket surcharge to assist with the ISRF Financing debt service payments.
4. No material adverse change in B Street's financial condition or operations.

Sutter Health has agreed to extend its commitments to June 30, 2016. In addition, B Street has made progress in securing letters of interest in providing New Market Tax Credit allocations for the Project from nationally recognized Community Development Entities (CDEs). The next allocation of New Market Tax Credit (NMTC) awards was expected to be announced by the U.S. Department of the Treasury's Community Development Financial Institutions Fund (the US Treasury) in the first quarter of 2015. However, the US Treasury announced the next allocation of NMTC awards just this past Monday, June 15, 2015.

NMTC awards are awarded to qualifying projects and are aimed at revitalizing low-income communities and increasing economic opportunity nationwide. B Street has received letters of interest to purchase B Street's NMTC from several CDEs that were awarded NMTC allocations on June 15, 2015. B Street is in the process of working with these CDEs to complete the transaction.

To afford B Street the opportunity to complete the NMTC process and to satisfy all the conditions required for the ISRF Financing, B Street has requested that the IBank Board amend its Resolution to extend IBank's Board's approval to finance the Project through December 31, 2015. The proposed time limit extension would be consistent with the time requirements from the City of Sacramento and is the only amendment requested by B Street in connection with the ISRF Financing. If the IBank Board approves the amendment of the Resolution, all conditions would need to be satisfied, including but not limited to a condition that B Street and IBank must execute a financing agreement for the First Loan no later than December 31, 2015. All other terms and conditions set forth in the Resolution would remain in full force and effect. A copy of the proposed amended and restated Resolution, marked to reflect the amendment, is attached as Exhibit A.

AMENDED AND RESTATED CREDIT ANALYSIS

Attached as Exhibit B is the Amended and Restated Staff Report originally dated May 27, 2014 and provided to the Board in connection with Resolution 14-06. Changes to the original Staff Report are reflected in red.

LITIGATION AND MATERIAL ADVERSE CHANGE

B Street has indicated that there is no current or anticipated litigation or material controversy that will materially affect its ability to construct the Project or to repay the ISRF Financing. In addition, B Street has indicated that no material adverse change in its financial condition or operations has occurred or is continuing.

Staff Recommendation

Staff recommends that the IBank Board amend and restate Resolution No. 14-06 to provide that its approval of the ISRF Program Financing to B Street Theatre will expire on December 31, 2015, rather than June 30, 2015. No other changes or modifications are recommended by Staff. Except as requested by this Staff Report, all other Loan Terms and Conditions set forth in Attachment A to Resolution No. 14-06 shall remain in full force and effect.

Exhibits:

A—Amended and Restated Resolution

B—Amended and Restated Staff Report