## EXECUTIVE SUMMARY

| **Sponsor:** The City of Sacramento | **Amount Requested:** $8,400,000 |
| **Applicant:** Theatre for Children, Inc. dba The B Street Theatre, a California nonprofit public benefit corporation (B Street) |  |
| **Applicant Rating:** Not rated | **Term:** Not to exceed 30 years |
| **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 | Term in 2 parts, as provided in IBank Board Resolution 14-06 (Resolution) |
| **Project Name:** The B Street Theatre Expansion Project (Project) | **Interest Rate:**  
2.06% on First Loan (defined in Resolution)  
4.15% on Second Loan (defined in Resolution) |
| **Project Location:** 2700-2710 Capitol Avenue & 1315 27th Street, Sacramento, California 95816 | **Origination Fee:** 1.25% (based on complexity of proposed loan)  
**Annual Fee:** 0.30% |
| **Project Description:** The Project consists of the construction of a new 45,000 foot theatre complex to be located on land donated by Sutter Medical Center (Sutter) to B Street at 27th and Capitol Avenue in Sacramento’s midtown area. | **Project Type:**  
- Infrastructure Project  
- Economic Expansion Project  
**Category:** Recreational, educational and social welfare facilities |
| **Use of Financing Proceeds:** To finance $8,400,000 of the $23,193,000 of the total Project costs (ISRF Financing). |  |
EXECUTIVE SUMMARY continued

<table>
<thead>
<tr>
<th>PROJECT SOURCES and USES</th>
<th>Uses</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IBank</td>
<td>B Street Theatre</td>
</tr>
<tr>
<td>Land and Parking</td>
<td>$8,400,000</td>
<td>$5,958,000</td>
</tr>
<tr>
<td>Construction &amp; Contingency</td>
<td>$8,400,000</td>
<td></td>
</tr>
<tr>
<td>Furniture, Fixtures, &amp; Equipment</td>
<td></td>
<td>$142,000</td>
</tr>
<tr>
<td>Architectural/Engineering/Design/Permits/Environmental/Construction Management/Title &amp; Escrow/Moving/Other Fees</td>
<td>$1,730,000</td>
<td>$1,730,000</td>
</tr>
<tr>
<td>Reserve Fund (Funded with Developer Fee)</td>
<td>$1,730,000</td>
<td>$1,730,000</td>
</tr>
<tr>
<td>IBank Origination Fee</td>
<td>$105,000</td>
<td>$1,100,000</td>
</tr>
<tr>
<td>Total</td>
<td>$8,400,000</td>
<td>$247,000</td>
</tr>
</tbody>
</table>

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/Diane Cummings

Date of Staff Report Amendment: 11/06/2014

Date of IBank Board Meeting: 11/18/2014
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 June 30, 2015 rather than November 25, 2014. No other change or modification is recommended by the 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 Board’s approval under the current Resolution for the ISRF Financing expires on November 25, 2014, which is 180 days from the date of the Board’s adoption of the Resolution. Accordingly, pursuant to the Resolution in its current form, 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 November 25, 2014. 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 precedent by June 30, 2015:

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.
3. An agreement by Sutter Health to contribute $50,000 annually for ten years to B Street.
4. B Street shall impose a ticket surcharge to assist with the ISRF Financing debt service payments.
5. No material adverse change in B Street’s financial condition or operations.

Similarly, B Street has made progress in securing New Market Tax Credit allocation commitments for the Project from nationally recognized Community Development Entities (CDEs). The next allocation of New Market Tax Credit (NMTC) awards is expected to be announced by the U.S. Department of the Treasury’s Community Development Financial Institutions Fund in the first quarter of 2015. NMTC awards are awarded to qualifying projects and are aimed at revitalizing low-income communities and increasing economic opportunity nationwide. Moreover, B Street has received letters of interest to purchase B Street’s NMTC upon securing the necessary allocations from the CDEs.

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 the Resolution to extend IBank’s Board’s approval to finance the Project until June 30, 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.
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 June 30, 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.

**AUDITED FINANCIALS**

Attached as Exhibit B are the June 30, 2014 audited financial statements and report of independent certified public accountants for Theatre for Children, Inc. For the year ended June 30, 2014, B Street realized a positive change in net assets totaling $614,712 and generated $432,325 in positive cash flow primarily as a result of the current capital campaign and from funds restricted to the Project.

**MANAGEMENT, LITIGATION AND MATERIAL ADVERSE CHANGE**

Management Team

Bill Blake is the Managing Director of B Street and has contributed his many years of experience as an arts management consultant, arts educator and general manager of performing arts organizations to the B Street Theatre since 2005. He holds a master's degree in arts administration from Goucher College. Bill serves on several community boards, including the Midtown Business Association, Friends of Sacramento Metropolitan Arts Commission and the League of Sacramento Theatres.

Buck Busfield is the Producing Artistic Director of B Street
Jerry Montoya is the Associate Producer of B Street
Zara Whittles is the Senior Administrator of B Street
Melissa Cirone is the Director of Development of B Street
The B Street Board of Directors is listed on Exhibit C.

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 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 the IBank Board’s approval for the ISRF Program Financing to B Street Theatre would expire on June 30, 2015 rather than November 25, 2014. No other change or modification is recommended by the 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.