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

AMENDED AND RESTATED 05/27/14 STAFF REPORT

EXECUTIVE SUMMARY

Sponsor: The City of Sacramento **Applicant:** Theatre for Children, Inc. dba The B Street Theatre, a California nonprofit public benefit corporation (B Street)	**Amount Requested:** $8,400,000
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	**Term:** Not to exceed 30 years 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 (as defined herein) 4.15% on Second Loan (as defined herein)
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 at 27th and Capitol Avenue in Sacramento's midtown area on land donated by Sutter Medical Center (Sutter) to B Street.	**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. Per B Street, Project costs will remain as originally presented in the Project Sources and Uses table below. B Street stated that although construction costs have risen, they have been able to trim costs and make changes through some re-engineering.	

EXECUTIVE SUMMARY continued

PROJECT SOURCES and USES					
Uses	Sources				
	I-Bank	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**
I-Bank 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.

I-Bank Staff: Teveia R. Barnes/Diane Cummings	**Date of Staff Report:** 05/27/2014
Date of I-Bank Board Meeting: 5/30/2014	**Resolution Number:** 14-06

Staff Recommendation:

Staff recommends approval of Resolution No. 14-06 conditionally authorizing financing to Theatre for Children, Inc. dba the B Street Theatre for the B Street Theatre Expansion Project

EXECUTIVE SUMMARY OF PROJECT AND CREDIT

The Project, located in mid-town Sacramento, consists of the construction of a new 45,000 square foot theatre complex (Property) to be located at 27th and Capitol Avenue in Sacramento's midtown area (Exhibit A). The facility will fit the City of Sacramento's vision of a new central city mixed-use district and will house two-theatres, the first with a 365-seat capacity and the second with 250-seat capacity, and 3,000 square feet of restaurant space. The total project cost is estimated at $23,193,000 of which $12,315,885 is for construction. IBank has been asked to make a 30 year $8,400,000 loan under the ISRF Program to B Street, as part of a New Markets Tax Credit (NMTC) transaction, which will provide B Street with additional capital of $8,588,000 for the Project.

IBank has structured the financing as two (2) loans. The first loan will be for the entire $8,400,000 (First Loan) and will mature up to one year after the end of the compliance period (up to 8 years) for the NMTCs. At the maturity of the First Loan and only upon satisfaction of certain terms and conditions, B Street may exercise an option to enter into a second loan (Second Loan). The proposed Second Loan could be issued by the IBank in FY 2023 in the approximate amount of $3,780,127, following receipt of regularly scheduled principal and interest payments on the First Loan and an additional principal reduction in the amount of $3.2 million in 2023. The source of the additional principal reduction will be the balance in the $1,100,000 reserves fund, including all interest earned thereon. The primary source of repayment for the proposed IBank Loan will be the revenue generated by the ticket surcharge for each ticket sold for the Mainstage, B3 Series and Family Series performances (Surcharge). In addition, Sutter Health will guarantee the annual principal and interest payments on the IBank Loan in an aggregate amount not to exceed $1,000,000 and, pursuant to a Tri-Party Agreement among B Street, Sutter and IBank, be obligated to acquire the Property for the benefit of IBank at a price equal to the IBank Loan in the event of a payment default on the IBank Loan.

Staff has conducted a conservative analysis of the revenue from the Surcharge and determined that although B Street has operated historically on a break even basis, the conservative cash flow analysis demonstrates that B Street, even if projected with more than a 20% reduction in B Street's 5-year average attendance at the new facility, would be able to service the proposed First Loan to maturity in eight (8) years. At the maturity of the First Loan, B Street could pay off the outstanding $3,780,127 or, upon satisfaction of certain conditions discussed below, enter into the Second Loan. The IBank also will have the ability to call on the Sutter Health guarantee and require Sutter Health to acquire the Property at a price equal to the IBank Loan.

RECOMMENDATION

Staff recommends to the Board approval of the IBank Loan to B Street for the following reasons:

(1) Conservative cash flow analysis supports Surcharge sufficient to cover debt service of First Loan,

(2) NMTC financing provides $8,588,000 of capital to the Project,

(3) Pledge of Surcharge in Lock Box Account under the IBank's control,

(4) City of Sacramento supported Project with $1,000,000 planning grant,

(5) $2,500,000 of additional support for the Project from the City of Sacramento or other sources acceptable to the IBank,

(6) $1,100,000 Debt Service Reserve Account,

(7) Sutter Health $1,000,000 payment guarantee of debt service and IBank Loan,

(8) Tri-Party Agreement among B Street, Sutter Medical Center (Sutter) and IBank obligating Sutter to acquire the Property for the benefit of IBank at a price equal to the IBank Loan in the event of a payment default on the IBank Loan,

(9) First priority security interest in capital campaign contributions to be deposited in an account, subject to the control of the IBank,

(10) First priority security interest and pledge in the $500,000 contribution to be made by Sutter to B Street for 50,000 annual payments for each of 10 years. The Sutter $500,000 contribution will be subject to an account control agreement in favor of the IBank.

(11) The First Loan will be secured by a collateral assignment by B Street of its rights under the Leverage Loan made under the NMTC financing, together with an assignment of rights. In the event of a default by B Street, all principal, interest and other payments made to B Street under the NMTC financing will be collected and deposited into a lockbox account for payment of the First Loan, and later, the Second Loan, if any.

(12) First priority security interest in lease payments to be received by B Street for renting a portion of its new facility (consisting of approximately 3,000 square feet) to be used as restaurant space. Restaurant Lease Payments will be pledged to the IBank and subject to an account control agreement in favor the IBank.

SOURCE OF REPAYMENT

Proposed Sources of Repayment

B Street proposes the following sources of repayment:

Primary Source of Repayment: The primary source of repayment for the proposed IBank Loan will be the revenue generated by the ticket Surcharge for each ticket sold for the Mainstage, B3 Series and Family Series performances. The Surcharge will be included in the advertised price of the tickets and will be added to all tickets sold on and

after the B Street closing of the proposed loan with the IBank. The Surcharge will not apply to non-ticketed attendees, private events, and school field trip performances. All of the Surcharge will be set aside exclusively for the benefit of the IBank and will be swept daily into a lock-box account. The ticket surcharge will remain in place so long as the IBank Loan is outstanding. Different scenarios for the incremental increases in the Surcharge are included in the cash flow spread sheets under Cash Flows and Debt Service Coverage. The Surcharge will be deposited exclusively in a lock box account.

Secondary Source of Repayment: The secondary source of repayment will be the interest on the funds in the debt service reserve account calculated at 1.50% on the reserves balance and at the end of FY 2022 the reserve balance and earnings thereon will be used to pay down the principal balance of the First Loan.

Tertiary Sources of Repayment: The tertiary sources of repayment will be (i) the payment guarantee from Sutter Health to cover the annual principal and interest payments on the IBank Loan in an aggregate amount not to exceed $1,000,000 and (ii) the Tri-Party Agreement among B Street, Sutter and IBank documenting Sutter's obligation to reacquire the Property for the benefit of IBank at a price equal to the IBank Loan in the event of a payment default on the IBank Loan.

CASH FLOWS AND DEBT SERVICE COVERAGE

IBank Cash Flow Analysis

Historical Ticket Sales

B Street provided the following table to update historical ticket sales for all attendance from FY 2003 through its latest fiscal year end, FY 2014, and revised 12-year and 5-year averages.

All Attendance
Including Rolling 12-Year and 5-Year Average
Revised 06/16/2015

Fiscal Year	MAIN STAGE	FAMILY SERIES	STUDENT MATINEE	B3	SPECIAL ENGAGEMENT	TOTAL
2002/2003	56,493		2,101			58,594
2003/2004	59,238	9,126	7,628			75,992
2004/2005	62,374	12,187	13,751			88,312
2005/2006	72,434	10,984	15,088			98,506
2006/2007	65,136	12,699	18,143			95,978
2007/2008	62,221	13,148	22,874	9,077	7,022	114,342
2008/2009	54,613	11,818	18,381	12,321	4,747	101,880
2009/2010	53,156	8,125	16,331	9,465	5,128	92,205
2010/2011	56,703	8,830	19,188	9,045		93,766
2011/2012	52,323	8,641	18,941	7,605		87,510
2012/2013	53,258	7,259	16,653	5,847	2,452	85,469
2013/2014	55,513	9,831	17,941	6,370	526	90,181
12 yr. average	**58,622**	**10,241**	**15,585**	**8,533**	**3,975**	**90,228**
5 yr. average	**54,191**	**8,537**	**17,811**	**7,666**	**2,702**	**89,826**

The table above reflects growth in tickets sales of 4,712 between FY 2013 and 2014, or 5.5%; an increase of 3,619, or 4.2%, in the rolling 12-year average; and a decline of 2,340, or 2.5%, in the rolling 5-year average. The decline in the 5-year rolling average is the result of replacing total ticket sales for B Street's second highest sales year (FY 2009) with total ticket sales for FY 2014, sales for which year were 11,699 less than in FY 2009. However, the above tables reflects that year-over-year ticket sales are once again increasing.

B Street provided the following tables of historical attendance; each including calculations for a 12-year average and a 5-year average. The first table below provides totals and averages for all attendance, while the second table below provides totals and averages for attendance without matinee performances. Matinee performances are excluded from the second table because the proposed Surcharge will not be applied to such tickets.

Historical Ticket Sales (All)						
Fiscal Year	**MAIN STAGE**	**FAMILY SERIES**	**STUDENT MATINEE**	**B3**	**SPECIAL ENGAGEMENT**	**TOTAL**
2001/2002	46,748					46,748
2002/2003	56,493		2,101			58,594
2003/2004	59,238	9,126	7,628			75,992
2004/2005	62,374	12,187	13,751			88,312
2005/2006	72,434	10,984	15,088			98,506
2006/2007	65,136	12,699	18,143			95,978
2007/2008	62,221	13,148	22,874	9,077	7,022	114,342
2008/2009	54,613	11,818	18,381	12,321	4,747	101,880
2009/2010	53,156	8,125	16,331	9,465	5,128	92,205
2010/2011	56,703	8,830	19,188	9,045		93,766
2011/2012	52,323	8,641	18,941	7,605		87,510
2012/2013	53,258	7,259	16,653	5,847	2,452	85,469
12 yr. average	**57,891**	**10,282**	**15,371**	**8,893**	**4,837**	**86,609**
5 yr. average	**54,011**	**8,935**	**17,899**	**8,857**	**4,109**	**92,166**

From the table above, it is evident that B Street experienced its greatest number of tickets sold in FY 2008 and that the total of numbers sold year-over-year generally declined each year thereafter.

B Street provided the following table to update historical ticket sales less student matinees for fiscal year (FY) 2003 through FY 2014 and revised 12-year and 5-year averages.

Attendance -excluding Student Matinee Including Rolling 12-Year and 5-Year Averages Revised 06/16/2015					
Fiscal Year	**MAIN STAGE**	**FAMILY SERIES**	**B3**	**SPECIAL ENGAGEMENT**	**TOTAL**
2002/2003	56,493				56,493
2003/2004	59,238	9,126			68,364
2004/2005	62,374	12,187			74,561
2005/2006	72,434	10,984			83,418
2006/2007	65,136	12,699			77,835
2007/2008	62,221	13,148	9,077	7,022	91,468
2008/2009	54,613	11,818	12,321	4,747	83,499
2009/2010	53,156	8,125	9,465	5,128	75,874
2010/2011	56,703	8,830	9,045		74,578
2011/2012	52,323	8,641	7,605		68,569
2012/2013	53,258	7,259	5,847	2,452	68,816
2013/2014	55,513	9,831	6,370	526	72,240
12 yr average	**58,622**	**10,241**	**8,533**	**3,975**	**74,643**
5 yr. average	**54,191**	**8,537**	**7,666**	**2,702**	**72,015**

The above table reflects an increase in ticket sales when student matinees excluded of 3,424, or 5.0%, between FY 2013 and FY 2014. The 12-year average increased 2,124, or 2.9%; the 5-year average decreased 2,252, or 3.0%, both consistent with changes see in the revised table for all ticket sales presented above.

Historical Ticket Sales Excluding Student Matinee						
Fiscal Year	**MAIN STAGE**	**FAMILY SERIES**	**STUDENT MATINEE**	**B3**	**SPECIAL ENGAGEMENT**	**TOTAL**
2001/2002	46,748					46,748
2002/2003	56,493		0			56,493
2003/2004	59,238	9,126	0			68,364
2004/2005	62,374	12,187	0			74,561
2005/2006	72,434	10,984	0			83,418
2006/2007	65,136	12,699	0			77,835
2007/2008	62,221	13,148	0	9,077	7,022	91,468
2008/2009	54,613	11,818	0	12,321	4,747	83,499
2009/2010	53,156	8,125	0	9,465	5,128	75,874
2010/2011	56,703	8,830	0	9,045		74,578
2011/2012	52,323	8,641	0	7,605		68,569
2012/2013	53,258	7,259	0	5,847	2,452	68,816
12 yr average	**57,891**	**10,282**	**0**	**8,893**	**4,837**	**72,519**
5 yr. average	**54,011**	**8,935**	**0**	**8,857**	**4,109**	**74,267**

Once again, the table above reflects that B Street experienced its greatest number of tickets sold in FY 2008, and that the total of numbers sold year-over-year generally declined each year thereafter.

B Street projects a significant increase in attendance at both its children and adult productions, due to its ability to offer additional productions and classes, as well as revenues for other sources discussed above. Based upon the historical attendance data provided in the above tables, initially IBank staff deemed B Street's projected attendance overly optimistic. Finally, Staff questioned whether B Street could successfully achieve its attendance projections and an immediate $7 increase in ticket prices, the amount of the surcharge projected by B Street. For these reasons, IBank Staff developed two scenarios to stress test B Streets ability to service the proposed debt.

B Street stated that the assumptions on the following pages are still accurate with two exceptions: (1) the City of Sacramento funds will come in all at once upon commencement of construction; and (2) dates should be adjusted to reflect the delay in closing.

All scenarios follow the same initial methodology as follows:

1. Cash flow analysis begins with FY 2014 and ends with FY 2044;
2. The number of projected tickets sold is reflected for each FY;
3. The amount of the Surcharge is reflected for each FY;
4. Cash Flow from Operations is calculated. These include:
    a. Revenues
        i. Total Revenues without Surcharge

ii. Surcharge Revenues
    1. Calculated by multiplying the number of tickets sold by the amount of the Surcharge.
    2. Surcharge Revenues are presumed to begin mid-year in FY 2016, following the opening of the Project and continue through FY 2044.
iii. Restaurant Lease
    1. Calculated on 3,000 square feet (sq. ft.) at $1.75 per sq. ft. more conservative than the $2.25 per sq. ft. estimated by B Street's source.
    2. Restaurant Lease revenues are presumed to begin mid-year FY 2016 and remain flat through FY 2044.
iv. Sutter Cash Payments
    1. $50,000 per year for 10 years
    2. Begin in FY 2016
v. In-kind Contributions
    1. Received in FY 2015
    2. Offset as an expense in the same year
vi. Interest on Reserves
    1. Calculated at 1.50% on the Reserves balance
    2. Begin in FY 2015
    3. End in FY 2022 because all Reserves and earnings thereon are used to pay down the principal balance on the first loan
vii. Capital Campaign Contributions
    1. Pledges received to date
    2. Included as revenues in the year in which the funds become available.
viii. City of Sacramento Operating Grant Payments (pending)
    1. $250,000 per year for 10 years
    2. Begin FY 2015

b. Less Operating Expenses and other outflows:
    i. In-kind Contributions
        1. Received in FY 2015
        2. Offset as an expense in the same year
    ii. Capital Campaign Contributions
        1. Pledges received to date
        2. Included as expenses in the year in which the funds become available.
    iii. Operating Expenses
        1. Includes a growth factor year-over-year of 2% on initial variable costs of $132,000.
        2. Increase continues through maturity.

c. Net Revenues Available from Operations for Debt Service
    i. Calculated as the difference between Total Operating Revenues and Operating Expenses and other outflows.

5. Annual Debt Service Requirements

a. Payments on the Sierra Vista Note 5125-691, maturing in February 2018
b. Payments on the proposed IBank Loan
    i. First loan:
        1. Executed in September 2014.
        2. Amortized for 30 years.
        3. Maturing August 2022.
        4. Interest only payments begin February 2015, due each August and February through February 2017.
        5. Principal and interest begin August 2017, continue through August 2022.
        6. The cash flow included the actual interest only payments due in FYs 2015, 2016, and 2017; and Maximum Annual Debt Service (MADS) for the remaining term.
        7. The then outstanding principal balance in the amount of $6,980,127 is further reduced by an additional principal payment in the approximate amount of $3.2 million representing the Reserves balance, including accumulated interest earnings.
        8. The second loan is issued by the IBank in the approximate amount of $3,780,127.
    ii. Second loan:
        1. Amortized for the remaining 22 years.
        2. IBank payments are presented at MADS.
        3. IBank payments in FY 2023 include the actual principal and interest payment due in August 2022 on the first loan plus the actual interest payment due in February 2023 on the second loan.

6. Net Revenues Available from operations after Debt Service
7. Beginning Cash in FY 2014
8. Cumulative Net Revenues Available after Debt Service.

Under each scenario, the proposed Second Loan is issued by the IBank in FY 2023 in the approximate amount of $3,780,127, following receipt of regularly scheduled principal and interest payments on the First Loan and an additional principal reduction in the amount of $3.2 million in 2023. The source of the additional principal reduction will be the balance in the Reserves fund, including all interest earned thereon. Each scenario is further presented.

Each spreadsheet reflects net revenues available for debt service, net revenues available after debt service, and the debt service coverage ratio for each fiscal year, as well as cumulative net revenues available after debt service with and without the restaurant lease revenues. In short, four cash flow analyses are presented below.

Due to the loan term considered in the analysis, 30 years, each spreadsheet is divided into three sections. The first section begins with FY 2014, the second section begins with FY 2024, and the third section begins with FY 2034. Assumptions for each scenario are provided below.

The following changes were made to all projections:

- The fiscal years have been advanced one year to account for the delay in funding and starting construction.
- Funding from the City of Sacramento (City) has been approved. Funds were originally to be received equally over 10 years; however, the City has agreed to advance all funds upon commencement of construction. Projections have been adjusted to reflect this change.
- B Street paid off all debt outstanding at the time of original underwriting.
- B Street obtained a new loan from SierraVista Bank. (See Obligations below for more discussion.)

First scenario assumptions:

Assumptions remain as stated below.

1. Attendance is held constant at 57,000 through FY 202~~8~~9;
2. An annual growth factor of 2% is allowed thereafter through maturity;
3. The Surcharge begins at $4;
4. The Surcharge increases $0.50 each of the next two years;
5. The Surcharge is held constant at $5 thereafter through maturity;
6. Restaurant lease revenues are included.

Revised first scenario including restaurant lease revenues

B Street Theater Construction Financing Cash Flow Projection									
Fiscal Years Ending June 30,	2015	2016	2017	2018	2019	2020	2021	2022	2023
Ticket Surcharge									
Annual Tickets Sold Subject to Surcharge	-	-	57,000	57,000	57,000	57,000	57,000	57,000	57,000
Surcharge per Ticket			$4.00	$4.50	$5.00	$5.00	$5.00	$5.00	$5.00
Cash Flow from Operations									
Revenues									
Total Revenues w/o surcharge (full year ops)	$2,283,000	$2,283,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000
Surcharge Revenues	$0	$0	$228,000	$256,500	$285,000	$285,000	$285,000	$285,000	$285,000
Restaurant Lease - 3,000 sqft @	$0	$0	$31,500	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000
Sutter Cash Payments for 10 years	$0	$0	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000
In-kind contributions	$0	$185,000	$0	$0	$0	$0	$0	$0	$0
Interest on Reserves	$0	$29,328	$31,490	$32,156	$32,156	$32,156	$32,156	$32,156	$32,156
Capital Campaign Contributions (pledged)	$603,711	$501,477	$144,150	$44,374	$0	$0	$0	$0	$0
City of Sacramento (approved)	$0	$2,500,000	$0	$0	$0	$0	$0	$0	$0
Total Operating Revenues	**$2,886,711**	**$5,498,805**	**$2,818,140**	**$2,779,030**	**$2,763,156**	**$2,763,156**	**$2,763,156**	**$2,763,156**	**$2,763,156**
Less									
In-kind Contributions	$0	($185,000)	$0	$0	$0	$0	$0	$0	$0
Capital Campaign Contibutions transferred to Reserves	($603,711)	($501,477)	($144,150)	($44,374)	$0	$0	$0	$0	$0
Operating Expenses	($2,307,000)	($2,307,000)	($2,328,000)	($2,330,640)	($2,333,280)	($2,335,920)	($2,338,560)	($2,341,200)	($2,343,840)
Net Revenues Available from Operations for Debt Service	**($24,000)**	**$2,505,328**	**$345,990**	**$404,016**	**$429,876**	**$427,236**	**$424,596**	**$421,956**	**$419,316**
Annual Debt Service Requirements									
SierraVista (interest only 1 year, 4.25%, matures 9/19)	$8,317	$54,525	$54,525	$54,525	$54,525				
IBank (MADS)		$72,100	$198,240	$198,240	$420,673	$419,951	$419,214	$418,462	$417,695
Total Annual Debt Service	**$8,317**	**$126,625**	**$252,765**	**$252,765**	**$475,198**	**$419,951**	**$419,214**	**$418,462**	**$417,695**
Net Revenues Available from Operations after Debt Service	**($32,317)**	**$2,378,703**	**$93,225**	**$151,251**	**($45,322)**	**$7,284**	**$5,381**	**$3,493**	**$1,621**
Debt Service Coverage Ratio	n/a	**19.79**	**1.37**	**1.60**	**0.90**	**1.02**	**1.01**	**1.01**	**1.00**
Beginning Cash	**$507,040**								
Cumulative Net Revenues Available after Debt Service	**$474,723**	**$2,853,426**	**$2,946,651**	**$3,097,901**	**$3,052,579**	**$3,059,863**	**$3,065,245**	**$3,068,738**	**$3,070,359**

Revised first scenario including restaurant lease revenues, continued

	B Street Theater Construction Financing Cash Flow Projection									
Fiscal Years Ending June 30,	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
Ticket Surcharge										
Annual Tickets Sold Subject to Surcharge	**57,000**	**57,000**	**57,000**	**57,000**	**57,000**	**57,000**	**58,140**	**59,303**	**60,489**	**61,699**
Surcharge per Ticket	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**
Cash Flow from Operations										
Revenues										
Total Revenues w/o surcharge (full year ops)	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000
Surcharge Revenues	$285,000	$285,000	$285,000	$285,000	$285,000	$285,000	$290,700	$296,514	$302,444	$308,493
Restaurant Lease - 3,000 sqft @	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000
Sutter Cash Payments for 10 years	$50,000	$50,000	$50,000	$0	$0	$0	$0	$0	$0	$0
In-kind contributions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest on Reserves	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Campaign Contributions (pledged)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
City of Sacramento (approved)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Operating Revenues	**$2,731,000**	**$2,731,000**	**$2,731,000**	**$2,681,000**	**$2,681,000**	**$2,681,000**	**$2,686,700**	**$2,692,514**	**$2,698,444**	**$2,704,493**
Less										
In-kind Contributions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Campaign Contibutions transferred to Reserves	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Operating Expenses	($2,346,480)	($2,349,120)	($2,351,760)	($2,354,400)	($2,357,040)	($2,359,680)	($2,362,320)	($2,364,960)	($2,367,600)	($2,370,240)
Net Revenues Available from Operations for Debt Service	**$384,520**	**$381,880**	**$379,240**	**$326,600**	**$323,960**	**$321,320**	**$324,380**	**$327,554**	**$330,844**	**$334,253**
Annual Debt Service Requirements										
SierraVista (interest only 1 year, 4.25%, matures 9/19)										
IBank (MADS)	$423,454	$282,110	$281,661	$281,193	$280,706	$280,199	$279,670	$279,120	$278,547	$277,950
Total Annual Debt Service	**$423,454**	**$282,110**	**$281,661**	**$281,193**	**$280,706**	**$280,199**	**$279,670**	**$279,120**	**$278,547**	**$277,950**
Net Revenues Available from Operations after Debt Service	**($38,934)**	**$99,770**	**$97,579**	**$45,407**	**$43,254**	**$41,121**	**$44,710**	**$48,434**	**$52,297**	**$56,303**
Debt Service Coverage Ratio	**0.91**	**1.35**	**1.35**	**1.16**	**1.15**	**1.15**	**1.16**	**1.17**	**1.19**	**1.20**
Beginning Cash										
Cumulative Net Revenues Available after Debt Service	**$3,031,425**	**$3,131,194**	**$3,228,773**	**$3,274,180**	**$3,317,434**	**$3,358,555**	**$3,403,264**	**$3,451,698**	**$3,503,995**	**$3,560,299**

	B Street Theater Construction Financing Cash Flow Projection											
Fiscal Years Ending June 30,	**2034**	**2035**	**2036**	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**
Ticket Surcharge												
Annual Tickets Sold Subject to Surcharge	**62,933**	**64,191**	**65,475**	**66,785**	**68,120**	**69,483**	**70,872**	**72,290**	**73,736**	**75,210**	**76,714**	**78,249**
Surcharge per Ticket	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**
Cash Flow from Operations												
Revenues												
Total Revenues w/o surcharge (full year ops)	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000
Surcharge Revenues	$314,663	$320,956	$327,375	$333,923	$340,601	$347,413	$354,362	$361,449	$368,678	$376,051	$383,572	$391,244
Restaurant Lease - 3,000 sqft @	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000
Sutter Cash Payments for 10 years	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
In-kind contributions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest on Reserves	$0	$0										
Capital Campaign Contributions (pledged)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
City of Sacramento (approved)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Operating Revenues	**$2,710,663**	**$2,716,956**	**$2,723,375**	**$2,729,923**	**$2,736,601**	**$2,743,413**	**$2,750,362**	**$2,757,449**	**$2,764,678**	**$2,772,051**	**$2,779,572**	**$2,787,244**
Less												
In-kind Contributions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Campaign Contibutions transferred to Reserves	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Operating Expenses	($2,372,880)	($2,375,520)	($2,378,160)	($2,380,800)	($2,383,440)	($2,386,080)	($2,388,720)	($2,391,360)	($2,394,000)	($2,396,640)	($2,399,280)	($2,401,920)
Net Revenues Available from Operations for Debt Service	**$337,783**	**$341,436**	**$345,215**	**$349,123**	**$353,161**	**$357,333**	**$361,642**	**$366,089**	**$370,678**	**$375,411**	**$380,292**	**$385,324**
Annual Debt Service Requirements												
SierraVista (interest only 1 year, 4.25%, matures 9/19)												
IBank (MADS)	$277,328	$276,681	$276,006	$275,304	$274,572	$273,811	$273,017	$272,191	$271,330	$270,433	$269,500	$268,527
Total Annual Debt Service	**$277,328**	**$276,681**	**$276,006**	**$275,304**	**$274,572**	**$273,811**	**$273,017**	**$272,191**	**$271,330**	**$270,433**	**$269,500**	**$268,527**
Net Revenues Available from Operations after Debt Service	**$60,455**	**$64,755**	**$69,209**	**$73,819**	**$78,589**	**$83,523**	**$88,625**	**$93,898**	**$99,348**	**$104,978**	**$110,793**	**$116,797**
Debt Service Coverage Ratio	**1.22**	**1.23**	**1.25**	**1.27**	**1.29**	**1.31**	**1.32**	**1.34**	**1.37**	**1.39**	**1.41**	**1.43**
Beginning Cash												
Cumulative Net Revenues Available after Debt Service	**$3,620,753**	**$3,685,509**	**$3,754,718**	**$3,828,537**	**$3,907,126**	**$3,990,648**	**$4,079,273**	**$4,173,171**	**$4,272,519**	**$4,377,498**	**$4,488,290**	**$4,605,087**

Original first scenario including restaurant lease revenues

First scenario including restaurant lease revenues

B Street Theater										
Construction Financing Cash Flow Projection										
Fiscal Years Ending June 30,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
			Open mid year	Full amortization begins						
Ticket Surcharge										
Annual Tickets Sold Subject to Surcharge	-	-	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000
Surcharge per Ticket			$4.00	$4.50	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00
Cash Flow from Operations										
Revenues										
Total Revenues w/o surcharge (full yea	$2,283,000	$2,283,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000
Surcharge Revenues	$0	$0	$228,000	$256,500	$285,000	$285,000	$285,000	$285,000	$285,000	$285,000
Restaurant Lease - 3,000 sqft @	$0	$0	$31,500	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000
Sutter Cash Payments for 10 years	$0	$0	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000
In-kind contributions	$0	$185,000	$0	$0	$0	$0	$0	$0	$0	$0
Interest on Reserves	$0	$29,328	$31,490	$32,156	$32,156	$32,156	$32,156	$32,156	$32,156	$0
Capital Campaign Contributions (pledg	$603,711	$501,477	$144,150	$44,374	$0	$0	$0	$0	$0	$0
City of Sacramento (pending)	$0	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000
Total Operating Revenues	**$2,886,711**	**$3,248,805**	**$3,068,140**	**$3,029,030**	**$3,013,156**	**$3,013,156**	**$3,013,156**	**$3,013,156**	**$3,013,156**	**$2,981,000**
Less										
In-kind Contributions	$0	($185,000)	$0	$0	$0	$0	$0	$0	$0	$0
Capital Campaign Contibutions transferred to Reserves	($603,711)	($501,477)	($144,150)	($44,374)	$0	$0	$0	$0	$0	$0
Operating Expenses	($2,307,000)	($2,307,000)	($2,328,000)	($2,330,640)	($2,333,280)	($2,335,920)	($2,338,560)	($2,341,200)	($2,343,840)	($2,346,480)
Net Revenues Available from Operations for Debt Service	**($24,000)**	**$255,328**	**$595,990**	**$654,016**	**$679,876**	**$677,236**	**$674,596**	**$671,956**	**$669,316**	**$634,520**
Plus Beginning Cash	**$507,040**									
Annual Debt Service Requirements										
Sierra Vista Note 5125-691, matures 02/14/2018	$13,000	$13,000	$13,000	$13,000	$8,500					
IBank (MADS)	$0	$72,100	$198,240	$198,240	$420,674	$420,674	$420,674	$420,674	$420,674	$423,454
Total Annual Debt Service	**$13,000**	**$85,100**	**$211,240**	**$211,240**	**$429,174**	**$420,674**	**$420,674**	**$420,674**	**$420,674**	**$423,454**
Net Revenues Available from Operations after Debt Service	**($37,000)**	**$170,228**	**$384,750**	**$442,776**	**$250,702**	**$256,562**	**$253,922**	**$251,282**	**$248,642**	**$211,066**
Debt Service Coverage Ratio	n/a	**3.00**	**2.82**	**3.10**	**1.58**	**1.61**	**1.60**	**1.60**	**1.59**	**1.50**
Beginning Cash	**$507,040**									
Cumulative Net Revenues Available after Debt Service	**$470,040**	**$640,268**	**$1,025,018**	**$1,467,794**	**$1,718,495**	**$1,975,057**	**$2,228,979**	**$2,480,260**	**$2,728,902**	**$2,939,968**

Original

First scenario including restaurant lease revenues, continued

B Street Theater										
Construction Financing Cash Flow Projection										
Fiscal Years Ending June 30,	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Ticket Surcharge										
Annual Tickets Sold Subject to Surcharge	**57,000**	**57,000**	**57,000**	**57,000**	**57,000**	**58,140**	**59,303**	**60,489**	**61,699**	**62,933**
Surcharge per Ticket	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**
Cash Flow from Operations										
Revenues										
Total Revenues w/o surcharge (full yea	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000
Surcharge Revenues	$285,000	$285,000	$285,000	$285,000	$285,000	$290,700	$296,514	$302,444	$308,493	$314,663
Restaurant Lease - 3,000 sqft @	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000
Sutter Cash Payments for 10 years	$50,000	$50,000	$0	$0	$0	$0	$0	$0	$0	$0
In-kind contributions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest on Reserves	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Campaign Contributions (pledg	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
City of Sacramento (pending)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Operating Revenues	**$2,731,000**	**$2,731,000**	**$2,681,000**	**$2,681,000**	**$2,681,000**	**$2,686,700**	**$2,692,514**	**$2,698,444**	**$2,704,493**	**$2,710,663**
Less										
In-kind Contributions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Campaign Contibutions transferred to Reserves	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Operating Expenses	($2,349,120)	($2,351,760)	($2,354,400)	($2,357,040)	($2,359,680)	($2,362,320)	($2,364,960)	($2,367,600)	($2,370,240)	($2,372,880)
Net Revenues Available from Operations for Debt Service	**$381,880**	**$379,240**	**$326,600**	**$323,960**	**$321,320**	**$324,380**	**$327,554**	**$330,844**	**$334,253**	**$337,783**
Plus Beginning Cash										
Annual Debt Service Requirements										
Sierra Vista Note 5125-691, matures 02/14/2018										
IBank (MADS)	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434
Total Annual Debt Service	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**
Net Revenues Available from Operations after Debt Service	**$107,446**	**$104,806**	**$52,166**	**$49,526**	**$46,886**	**$49,946**	**$53,120**	**$56,410**	**$59,819**	**$63,349**
Debt Service Coverage Ratio	**1.39**	**1.38**	**1.19**	**1.18**	**1.17**	**1.18**	**1.19**	**1.21**	**1.22**	**1.23**
Beginning Cash										
Cumulative Net Revenues Available after Debt Service	**$3,079,569**	**$3,184,375**	**$3,236,541**	**$3,286,067**	**$3,332,953**	**$3,382,900**	**$3,436,020**	**$3,492,430**	**$3,552,249**	**$3,615,598**

B Street Theater											
Construction Financing Cash Flow Projection											
Fiscal Years Ending June 30,	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Ticket Surcharge											
Annual Tickets Sold Subject to Surcharge	**64,191**	**65,475**	**66,785**	**68,120**	**69,483**	**70,872**	**72,290**	**73,736**	**75,210**	**76,714**	**78,249**
Surcharge per Ticket	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**	**$5.00**
Cash Flow from Operations											
Revenues											
Total Revenues w/o surcharge (full yea	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000
Surcharge Revenues	$320,956	$327,375	$333,923	$340,601	$347,413	$354,362	$361,449	$368,678	$376,051	$383,572	$391,244
Restaurant Lease - 3,000 sqft @	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000
Sutter Cash Payments for 10 years	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
In-kind contributions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest on Reserves	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Campaign Contributions (pledg	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
City of Sacramento (pending)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Operating Revenues	**$2,716,956**	**$2,723,375**	**$2,729,923**	**$2,736,601**	**$2,743,413**	**$2,750,362**	**$2,757,449**	**$2,764,678**	**$2,772,051**	**$2,779,572**	**$2,787,244**
Less											
In-kind Contributions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Campaign Contibutions transferred to Reserves	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Operating Expenses	($2,375,520)	($2,378,160)	($2,380,800)	($2,383,440)	($2,386,080)	($2,388,720)	($2,391,360)	($2,394,000)	($2,396,640)	($2,399,280)	($2,401,920)
Net Revenues Available from Operations for Debt Service	**$341,436**	**$345,215**	**$349,123**	**$353,161**	**$357,333**	**$361,642**	**$366,089**	**$370,678**	**$375,411**	**$380,292**	**$385,324**
Plus Beginning Cash											
Annual Debt Service Requirements											
Sierra Vista Note 5125-691, matures 02/14/2018											
IBank (MADS)	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434
Total Annual Debt Service	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**
Net Revenues Available from Operations after Debt Service	**$67,002**	**$70,781**	**$74,689**	**$78,727**	**$82,899**	**$87,208**	**$91,655**	**$96,244**	**$100,977**	**$105,859**	**$110,890**
Debt Service Coverage Ratio	**1.24**	**1.26**	**1.27**	**1.29**	**1.30**	**1.32**	**1.33**	**1.35**	**1.37**	**1.39**	**1.40**
Beginning Cash											
Cumulative Net Revenues Available after Debt Service	**$4,004,157**	**$4,074,939**	**$4,149,628**	**$4,228,355**	**$4,311,255**	**$4,398,462**	**$4,490,117**	**$4,586,361**	**$4,687,339**	**$4,793,197**	**$4,904,087**

Revised first scenario excluding restaurant lease revenues

B Street Theater Construction Financing Cash Flow Projection									
Fiscal Years Ending June 30,	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net Revenues from Operations less Restaurant Lease Available for Debt Service									
Net Revenues Available from Operations for Debt Service	($24,000)	$2,505,328	$345,990	$404,016	$429,876	$427,236	$424,596	$421,956	$419,316
Less Restaurant Lease	$0	$0	($31,500)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)
Net Revenues from Operations less Restaurant Lease Available for Debt Service	**($24,000)**	**$2,505,328**	**$314,490**	**$341,016**	**$366,876**	**$364,236**	**$361,596**	**$358,956**	**$356,316**
Total Annual Debt Service	$8,317	$126,625	$252,765	$252,765	$475,198	$419,951	$419,214	$418,462	$417,695
Net Revenues Available after Debt Service	**($32,317)**	**$2,378,703**	**$61,725**	**$88,251**	**($108,322)**	**($55,716)**	**($57,619)**	**($59,507)**	**($61,379)**
Debt Service Coverage Ratio	**n/a**	**19.79**	**1.24**	**1.35**	**0.77**	**0.87**	**0.86**	**0.86**	**0.85**
Beginning Cash	$507,040								
Cumulative Net Revenues Available after Debt Service	**$474,723**	**$2,853,426**	**$2,915,151**	**$3,003,401**	**$2,895,079**	**$2,839,363**	**$2,781,745**	**$2,722,238**	**$2,660,859**

B Street Theater Construction Financing Cash Flow Projection										
Fiscal Years Ending June 30,	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Net Revenues from Operations less Restaurant Lease Available for Debt Service										
Net Revenues Available from Operations for Debt Service	$384,520	$381,880	$379,240	$326,600	$323,960	$321,320	$324,380	$327,554	$330,844	$334,253
Less Restaurant Lease	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)
Net Revenues from Operations less Restaurant Lease Available for Debt Service	**$321,520**	**$318,880**	**$316,240**	**$263,600**	**$260,960**	**$258,320**	**$261,380**	**$264,554**	**$267,844**	**$271,253**
Total Annual Debt Service	$423,454	$282,110	$281,661	$281,193	$280,706	$280,199	$279,670	$279,120	$278,547	$277,950
Net Revenues Available after Debt Service	**($101,934)**	**$36,770**	**$34,579**	**($17,593)**	**($19,746)**	**($21,879)**	**($18,290)**	**($14,566)**	**($10,703)**	**($6,697)**
Debt Service Coverage Ratio	**0.76**	**1.13**	**1.12**	**0.94**	**0.93**	**0.92**	**0.93**	**0.95**	**0.96**	**0.98**
Beginning Cash										
Cumulative Net Revenues Available after Debt Service	**$2,558,925**	**$2,595,694**	**$2,630,273**	**$2,612,680**	**$2,592,934**	**$2,571,055**	**$2,552,764**	**$2,538,198**	**$2,527,495**	**$2,520,799**

B Street Theater Construction Financing Cash Flow Projection												
Fiscal Years Ending June 30,	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Net Revenues from Operations less Restaurant Lease Available for Debt Service												
Net Revenues Available from Operations for Debt Service	$337,783	$341,436	$345,215	$349,123	$353,161	$357,333	$361,642	$366,089	$370,678	$375,411	$380,292	$385,324
Less Restaurant Lease	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)
Net Revenues from Operations less Restaurant Lease Available for Debt Service	**$274,783**	**$278,436**	**$282,215**	**$286,123**	**$290,161**	**$294,333**	**$298,642**	**$303,089**	**$307,678**	**$312,411**	**$317,292**	**$322,324**
Total Annual Debt Service	$277,328	$276,681	$276,006	$275,304	$274,572	$273,811	$273,017	$272,191	$271,330	$270,433	$269,500	$268,527
Net Revenues Available after Debt Service	**($2,545)**	**$1,755**	**$6,209**	**$10,819**	**$15,589**	**$20,523**	**$25,625**	**$30,898**	**$36,348**	**$41,978**	**$47,793**	**$53,797**
Debt Service Coverage Ratio	**0.99**	**1.01**	**1.02**	**1.04**	**1.06**	**1.07**	**1.09**	**1.11**	**1.13**	**1.16**	**1.18**	**1.20**
Beginning Cash												
Cumulative Net Revenues Available after Debt Service	**$2,518,253**	**$2,520,009**	**$2,526,218**	**$2,537,037**	**$2,552,626**	**$2,573,148**	**$2,598,773**	**$2,629,671**	**$2,666,019**	**$2,707,998**	**$2,755,790**	**$2,809,587**

Original first scenario excluding restaurant lease revenues

First scenario excluding restaurant lease revenues

B Street Theater Construction Financing Cash Flow Projection										
Fiscal Years Ending June 30,	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Net Revenues from Operations less Restaurant Lease Available for Debt Service										
Net Revenues Available from Operations for Debt Service	($24,000)	$255,328	$595,990	$654,016	$679,876	$677,236	$674,596	$671,956	$669,316	$666,676
Less Restaurant Lease	$0	$0	($31,500)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)
Net Revenues from Operations less Restaurant Lease Available for Debt Service	**($24,000)**	**$255,328**	**$564,490**	**$591,016**	**$616,876**	**$614,236**	**$611,596**	**$608,956**	**$606,316**	**$603,676**
Total Annual Debt Service	$13,000	$85,100	$211,240	$211,240	$429,174	$420,674	$420,674	$420,674	$420,674	$423,454
Net Revenues Available after Debt Service	**($37,000)**	**$170,228**	**$353,250**	**$379,776**	**$187,702**	**$193,562**	**$190,922**	**$188,282**	**$185,642**	**$180,221**
Debt Service Coverage Ratio	**n/a**	**3.00**	**2.67**	**2.80**	**1.44**	**1.46**	**1.45**	**1.45**	**1.44**	**1.43**
Beginning Cash	**$507,040**									
Cumulative Net Revenues Available after Debt Service	**$470,040**	**$640,268**	**$993,518**	**$1,373,294**	**$1,560,995**	**$1,754,557**	**$1,945,479**	**$2,133,760**	**$2,319,402**	**$2,499,623**

B Street Theater Construction Financing Cash Flow Projection										
Fiscal Years Ending June 30,	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
Net Revenues from Operations less Restaurant Lease Available for Debt Service										
Net Revenues Available from Operations for Debt Service	$414,036	$411,396	$358,756	$356,116	$353,476	$356,536	$359,710	$363,000	$366,409	$369,939
Less Restaurant Lease	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)
Net Revenues from Operations less Restaurant Lease Available for Debt Service	**$351,036**	**$348,396**	**$295,756**	**$293,116**	**$290,476**	**$293,536**	**$296,710**	**$300,000**	**$303,409**	**$306,939**
Total Annual Debt Service	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434
Net Revenues Available after Debt Service	**$76,602**	**$73,962**	**$21,322**	**$18,682**	**$16,042**	**$19,102**	**$22,276**	**$25,566**	**$28,975**	**$32,505**
Debt Service Coverage Ratio	**1.28**	**1.27**	**1.08**	**1.07**	**1.06**	**1.07**	**1.08**	**1.09**	**1.11**	**1.12**
Beginning Cash										
Cumulative Net Revenues Available after Debt Service	**$2,576,225**	**$2,650,187**	**$2,671,508**	**$2,690,190**	**$2,706,232**	**$2,725,334**	**$2,747,609**	**$2,773,175**	**$2,802,150**	**$2,834,655**

B Street Theater Construction Financing Cash Flow Projection											
Fiscal Years Ending June 30,	**2034**	**2035**	**2036**	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
Net Revenues from Operations less Restaurant Lease Available for Debt Service											
Net Revenues Available from Operations for Debt Service	$373,592	$377,371	$381,279	$385,317	$389,489	$393,797	$398,245	$402,834	$407,567	$412,448	$417,480
Less Restaurant Lease	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)
Net Revenues from Operations less Restaurant Lease Available for Debt Service	**$310,592**	**$314,371**	**$318,279**	**$322,317**	**$326,489**	**$330,797**	**$335,245**	**$339,834**	**$344,567**	**$349,448**	**$354,480**
Total Annual Debt Service	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434
Net Revenues Available after Debt Service	**$36,158**	**$39,937**	**$43,845**	**$47,883**	**$52,055**	**$56,363**	**$60,811**	**$65,400**	**$70,133**	**$75,014**	**$80,046**
Debt Service Coverage Ratio	**1.13**	**1.15**	**1.16**	**1.17**	**1.19**	**1.21**	**1.22**	**1.24**	**1.26**	**1.27**	**1.29**
Beginning Cash											
Cumulative Net Revenues Available after Debt Service	**$2,870,813**	**$2,910,750**	**$2,954,595**	**$3,002,478**	**$3,054,533**	**$3,110,896**	**$3,171,707**	**$3,237,107**	**$3,307,240**	**$3,382,254**	**$3,462,300**

Second scenario assumptions:

Assumptions remain as stated below.

1. Attendance is held constant at 57,000 through FY 202~~2~~3;
2. Attendance is increased to 60,000 in FY 202~~3~~4 (the year in which the Compliance Period expires);
3. Attendance is increased to 65,000 in FY 202~~8~~9;
4. An annual growth factor of 2% is allowed thereafter through maturity;
5. The Surcharge begins at $4;
6. The Surcharge increases $0.50 each of the next two years;
7. The Surcharge is held constant at $5 until FY 202~~3~~4 (the year in which the Compliance Period expires);
8. The Surcharge increases $0.50 each of the next three years;
9. The Surcharge is held constant at $7 thereafter through maturity.
10. Lease revenues are included.

Revised second scenario including restaurant lease revenues

B Street Theater Construction Financing Cash Flow Projection									
Fiscal Years Ending June 30,	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Ticket Surcharge									
Annual Tickets Sold Subject to Surchar	-	-	57,000	57,000	57,000	57,000	57,000	57,000	57,000
Surcharge per Ticket			$4.00	$4.50	$5.00	$5.00	$5.00	$5.00	$5.00
Cash Flow from Operations									
Revenues									
Total Revenues w/o surcharge (full year o	$2,283,000	$2,283,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000
Surcharge Revenues	$0	$0	$228,000	$256,500	$285,000	$285,000	$285,000	$285,000	$285,000
Restaurant Lease - 3,000 sqft @	$0	$0	$31,500	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000
Sutter Cash Payments for 10 years	$0	$0	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000
In-kind contributions	$0	$185,000	$0	$0	$0	$0	$0	$0	$0
Interest on Reserves	$0	$29,328	$31,490	$32,156	$32,156	$32,156	$32,156	$32,156	$32,156
Capital Campaign Contributions (pledged)	$603,711	$501,477	$144,150	$44,374	$0	$0	$0	$0	$0
Sutter Guaranty Payments ($1,000,000)	$0	$0	$0	$0	$0	$0	$0	$0	$0
City of Sacramento (approved)	$0	$2,500,000	$0	$0	$0	$0	$0	$0	$0
Total Operating Revenues	**$2,886,711**	**$5,498,805**	**$2,818,140**	**$2,779,030**	**$2,763,156**	**$2,763,156**	**$2,763,156**	**$2,763,156**	**$2,763,156**
Less									
In-kind Contributions	$0	($185,000)	$0	$0	$0	$0	$0	$0	$0
Capital Campaign Contibutions transferred to Reserves	($603,711)	($501,477)	($144,150)	($44,374)	$0	$0	$0	$0	$0
Operating Expenses	($2,307,000)	($2,307,000)	($2,328,000)	($2,330,640)	($2,333,280)	($2,335,920)	($2,338,560)	($2,341,200)	($2,343,840)
Net Revenues Available from Operations for Debt Service	**($24,000)**	**$2,505,328**	**$345,990**	**$404,016**	**$429,876**	**$427,236**	**$424,596**	**$421,956**	**$419,316**
Annual Debt Service Requirements									
SierraVista (interest only 1 year, 4.25%, matures 9/19)	$8,317	$54,525	$54,525	$54,525	$54,525	$0	$0	$0	$0
IBank (MADS)	$0	$72,100	$198,240	$198,240	$420,673	$419,951	$419,214	$418,462	$417,695
Total Annual Debt Service	**$8,317**	**$126,625**	**$252,765**	**$252,765**	**$475,198**	**$419,951**	**$419,214**	**$418,462**	**$417,695**
Net Revenues Available from Operations after Debt Service	**($32,317)**	**$2,378,703**	**$93,225**	**$151,251**	**($45,322)**	**$7,284**	**$5,381**	**$3,493**	**$1,621**
Debt Service Coverage Ratio	n/a	**19.79**	**1.37**	**1.60**	**0.90**	**1.02**	**1.01**	**1.01**	**1.00**
Cumulative Net Revenues Available after Debt Service		**$2,378,703**	**$2,471,928**	**$2,623,179**	**$2,577,856**	**$2,585,141**	**$2,590,522**	**$2,594,015**	**$2,595,636**

Revised second scenario including restaurant lease revenues, continued

	B Street Theater									
	Construction Financing Cash Flow Projection									
Fiscal Years Ending June 30,	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
Ticket Surcharge										
Annual Tickets Sold Subject to Surchar	60,000	60,000	60,000	60,000	60,000	65,000	66,300	67,626	68,979	70,358
Surcharge per Ticket	$5.50	$6.00	$6.50	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00
Cash Flow from Operations										
Revenues										
Total Revenues w/o surcharge (full year o	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000
Surcharge Revenues	$330,000	$360,000	$390,000	$420,000	$420,000	$455,000	$464,100	$473,382	$482,850	$492,507
Restaurant Lease - 3,000 sqft @	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000
Sutter Cash Payments for 10 years	$50,000	$50,000	$50,000	$0	$0	$0	$0	$0	$0	$0
In-kind contributions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest on Reserves										
Capital Campaign Contributions (pledged)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sutter Guaranty Payments ($1,000,000)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
City of Sacramento (approved)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Operating Revenues	**$2,776,000**	**$2,806,000**	**$2,836,000**	**$2,816,000**	**$2,816,000**	**$2,851,000**	**$2,860,100**	**$2,869,382**	**$2,878,850**	**$2,888,507**
Less										
In-kind Contributions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Campaign Contibutions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Operating Expenses	($2,346,480)	($2,349,120)	($2,351,760)	($2,354,400)	($2,357,040)	($2,359,680)	($2,362,320)	($2,364,960)	($2,367,600)	($2,370,240)
Net Revenues Available from	**$429,520**	**$456,880**	**$484,240**	**$461,600**	**$458,960**	**$491,320**	**$497,780**	**$504,422**	**$511,250**	**$518,267**
Annual Debt Service Requirements										
SierraVista (interest only 1 year, 4.25%,	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
IBank (MADS)	$423,454	$282,110	$281,661	$281,193	$280,706	$280,199	$279,670	$279,120	$278,547	$277,950
Total Annual Debt Service	**$423,454**	**$282,110**	**$281,661**	**$281,193**	**$280,706**	**$280,199**	**$279,670**	**$279,120**	**$278,547**	**$277,950**
Net Revenues Available from	**$6,066**	**$174,770**	**$202,579**	**$180,407**	**$178,254**	**$211,121**	**$218,110**	**$225,302**	**$232,703**	**$240,317**
Debt Service Coverage Ratio	**1.01**	**1.62**	**1.72**	**1.64**	**1.64**	**1.75**	**1.78**	**1.81**	**1.84**	**1.86**
Cumulative Net Revenues Available	**$2,601,702**	**$2,776,472**	**$2,979,051**	**$3,159,457**	**$3,337,711**	**$3,548,832**	**$3,766,942**	**$3,992,243**	**$4,224,946**	**$4,465,263**

	B Street Theater											
	Construction Financing Cash Flow Projection											
Fiscal Years Ending June 30,	**2034**	**2035**	**2036**	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**
Ticket Surcharge												
Annual Tickets Sold Subject to Surchar	71,765	73,201	74,665	76,158	77,681	79,235	80,819	82,436	84,084	85,766	87,481	89,231
Surcharge per Ticket	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00
Cash Flow from Operations												
Revenues												
Total Revenues w/o surcharge (full year o	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000
Surcharge Revenues	$502,357	$512,404	$522,652	$533,105	$543,767	$554,642	$565,735	$577,050	$588,591	$600,363	$612,370	$624,617
Restaurant Lease - 3,000 sqft @	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000
Sutter Cash Payments for 10 years	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
In-kind contributions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest on Reserves												
Capital Campaign Contributions (pledged)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sutter Guaranty Payments ($1,000,000)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
City of Sacramento (approved)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Operating Revenues	**$2,898,357**	**$2,908,404**	**$2,918,652**	**$2,929,105**	**$2,939,767**	**$2,950,642**	**$2,961,735**	**$2,973,050**	**$2,984,591**	**$2,996,363**	**$3,008,370**	**$3,020,617**
Less												
In-kind Contributions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Campaign Contibutions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Operating Expenses	($2,372,880)	($2,375,520)	($2,378,160)	($2,380,800)	($2,383,440)	($2,386,080)	($2,388,720)	($2,391,360)	($2,394,000)	($2,396,640)	($2,399,280)	($2,401,920)
Net Revenues Available from	**$525,477**	**$532,884**	**$540,492**	**$548,305**	**$556,327**	**$564,562**	**$573,015**	**$581,690**	**$590,591**	**$599,723**	**$609,090**	**$618,697**
Annual Debt Service Requirements												
SierraVista (interest only 1 year, 4.25%,	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
IBank (MADS)	$277,328	$276,681	$276,006	$275,304	$274,572	$273,811	$273,017	$272,191	$271,330	$270,433	$269,500	$268,527
Total Annual Debt Service	**$277,328**	**$276,681**	**$276,006**	**$275,304**	**$274,572**	**$273,811**	**$273,017**	**$272,191**	**$271,330**	**$270,433**	**$269,500**	**$268,527**
Net Revenues Available from	**$248,148**	**$256,203**	**$264,486**	**$273,001**	**$281,755**	**$290,752**	**$299,998**	**$309,499**	**$319,261**	**$329,290**	**$339,590**	**$350,170**
Debt Service Coverage Ratio	**1.89**	**1.93**	**1.96**	**1.99**	**2.03**	**2.06**	**2.10**	**2.14**	**2.18**	**2.22**	**2.26**	**2.30**
Cumulative Net Revenues Available	**$4,713,411**	**$4,969,614**	**$5,234,100**	**$5,507,101**	**$5,788,855**	**$6,079,607**	**$6,379,606**	**$6,689,105**	**$7,008,366**	**$7,337,656**	**$7,677,246**	**$8,027,416**

Original second scenario including restaurant lease revenues

Second scenario including restaurant lease revenues

B Street Theater										
Construction Financing Cash Flow Projection										
Fiscal Years Ending June 30,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
			Open mid year	Full amortization begins						
Ticket Surcharge										
Annual Tickets Sold Subject to Surcharge	-	-	57,000	57,000	57,000	57,000	57,000	57,000	57,000	60,000
Surcharge per Ticket			$4.00	$4.50	$5.00	$5.00	$5.00	$5.00	$5.00	$5.50
Cash Flow from Operations										
Revenues										
Total Revenues w/o surcharge (full year ops)	$2,283,000	$2,283,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000
Surcharge Revenues	$0	$0	$228,000	$256,500	$285,000	$285,000	$285,000	$285,000	$285,000	$330,000
Restaurant Lease - 3,000 sqft @	$0	$0	$31,500	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000
Sutter Cash Payments for 10 years	$0	$0	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000
In-kind contributions	$0	$185,000	$0	$0	$0	$0	$0	$0	$0	$0
Interest on Reserves	$0	$29,328	$31,490	$32,156	$32,156	$32,156	$32,156	$32,156	$32,156	$0
Capital Campaign Contributions (pledged)	$603,711	$501,477	$144,150	$44,374	$0	$0	$0	$0	$0	$0
City of Sacramento (pending)	$0	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000
Total Operating Revenues	**$2,886,711**	**$3,248,805**	**$3,068,140**	**$3,029,030**	**$3,013,156**	**$3,013,156**	**$3,013,156**	**$3,013,156**	**$3,013,156**	**$3,026,000**
Less										
In-kind Contributions	$0	($185,000)	$0	$0	$0	$0	$0	$0	$0	$0
Capital Campaign Contibutions transferred to Reserves	($603,711)	($501,477)	($144,150)	($44,374)	$0	$0	$0	$0	$0	$0
Operating Expenses	($2,307,000)	($2,307,000)	($2,328,000)	($2,330,640)	($2,333,280)	($2,335,920)	($2,338,560)	($2,341,200)	($2,343,840)	($2,346,480)
Net Revenues Available from Operations for Debt Service	**($24,000)**	**$255,328**	**$595,990**	**$654,016**	**$679,876**	**$677,236**	**$674,596**	**$671,956**	**$669,316**	**$679,520**
Annual Debt Service Requirements										
Sierra Vista Note 5125-691, matures 02/14/2018	$13,000	$13,000	$13,000	$13,000	$8,500					
IBank (MADS)	$0	$72,100	$198,240	$198,240	$420,674	$420,674	$420,674	$420,674	$420,674	$423,454
Total Annual Debt Service	**$13,000**	**$85,100**	**$211,240**	**$211,240**	**$429,174**	**$420,674**	**$420,674**	**$420,674**	**$420,674**	**$423,454**
Net Revenues Available from Operations after Debt Service	**($37,000)**	**$170,228**	**$384,750**	**$442,776**	**$250,702**	**$256,562**	**$253,922**	**$251,282**	**$248,642**	**$256,066**
Debt Service Coverage Ratio	n/a	**3.00**	**2.82**	**3.10**	**1.58**	**1.61**	**1.60**	**1.60**	**1.59**	**1.60**
Beginning Cash Balance	**$507,040**									
Cumulative Net Revenues Available after Debt Service	**$470,040**	**$640,268**	**$1,025,018**	**$1,467,794**	**$1,718,495**	**$1,975,057**	**$2,228,979**	**$2,480,260**	**$2,728,902**	**$2,984,968**

Original

Second scenario including restaurant lease revenues, continued

B Street Theater										
Construction Financing Cash Flow Projection										
Fiscal Years Ending June 30,	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Ticket Surcharge										
Annual Tickets Sold Subject to Surcharge	60,000	60,000	60,000	60,000	65,000	66,300	67,626	68,979	70,358	71,765
Surcharge per Ticket	$6.00	$6.50	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00
Cash Flow from Operations										
Revenues										
Total Revenues w/o surcharge (full year ops)	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000
Surcharge Revenues	$360,000	$390,000	$420,000	$420,000	$455,000	$464,100	$473,382	$482,850	$492,507	$502,357
Restaurant Lease - 3,000 sqft @	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000
Sutter Cash Payments for 10 years	$50,000	$50,000	$0	$0	$0	$0	$0	$0	$0	$0
In-kind contributions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest on Reserves	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Campaign Contributions (pledged)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
City of Sacramento (pending)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Operating Revenues	**$2,806,000**	**$2,836,000**	**$2,816,000**	**$2,816,000**	**$2,851,000**	**$2,860,100**	**$2,869,382**	**$2,878,850**	**$2,888,507**	**$2,898,357**
Less										
In-kind Contributions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Campaign Contibutions transferred to Reserves	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Operating Expenses	($2,349,120)	($2,351,760)	($2,354,400)	($2,357,040)	($2,359,680)	($2,362,320)	($2,364,960)	($2,367,600)	($2,370,240)	($2,372,880)
Net Revenues Available from Operations for Debt Service	**$456,880**	**$484,240**	**$461,600**	**$458,960**	**$491,320**	**$497,780**	**$504,422**	**$511,250**	**$518,267**	**$525,477**
Annual Debt Service Requirements										
Sierra Vista Note 5125-691, matures 02/14/2018										
IBank (MADS)	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434
Total Annual Debt Service	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**
Net Revenues Available from Operations after Debt Service	**$182,446**	**$209,806**	**$187,166**	**$184,526**	**$216,886**	**$223,346**	**$229,988**	**$236,816**	**$243,833**	**$251,043**
Debt Service Coverage Ratio	**1.66**	**1.76**	**1.68**	**1.67**	**1.79**	**1.81**	**1.84**	**1.86**	**1.89**	**1.91**
Beginning Cash Balance										
Cumulative Net Revenues Available after Debt Service	**$3,199,569**	**$3,409,375**	**$3,596,541**	**$3,781,067**	**$3,997,953**	**$4,221,300**	**$4,451,288**	**$4,688,103**	**$4,931,936**	**$5,182,979**

B Street Theater											
Construction Financing Cash Flow Projection											
Fiscal Years Ending June 30,	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Ticket Surcharge											
Annual Tickets Sold Subject to Surcharge	73,201	74,665	76,158	77,681	79,235	80,819	82,436	84,084	85,766	87,481	89,231
Surcharge per Ticket	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00
Cash Flow from Operations											
Revenues											
Total Revenues w/o surcharge (full year ops)	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000	$2,333,000
Surcharge Revenues	$512,404	$522,652	$533,105	$543,767	$554,642	$565,735	$577,050	$588,591	$600,363	$612,370	$624,617
Restaurant Lease - 3,000 sqft @	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000	$63,000
Sutter Cash Payments for 10 years	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
In-kind contributions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest on Reserves	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Campaign Contributions (pledged)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
City of Sacramento (pending)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Operating Revenues	**$2,908,404**	**$2,918,652**	**$2,929,105**	**$2,939,767**	**$2,950,642**	**$2,961,735**	**$2,973,050**	**$2,984,591**	**$2,996,363**	**$3,008,370**	**$3,020,617**
Less											
In-kind Contributions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Campaign Contibutions transferred to Reserves	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Operating Expenses	($2,375,520)	($2,378,160)	($2,380,800)	($2,383,440)	($2,386,080)	($2,388,720)	($2,391,360)	($2,394,000)	($2,396,640)	($2,399,280)	($2,401,920)
Net Revenues Available from Operations for Debt Service	**$532,884**	**$540,492**	**$548,305**	**$556,327**	**$564,562**	**$573,015**	**$581,690**	**$590,591**	**$599,723**	**$609,090**	**$618,697**
Annual Debt Service Requirements											
Sierra Vista Note 5125-691, matures 02/14/2018											
IBank (MADS)	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434
Total Annual Debt Service	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**	**$274,434**
Net Revenues Available from Operations after Debt Service	**$258,450**	**$266,058**	**$273,871**	**$281,893**	**$290,129**	**$298,581**	**$307,256**	**$316,157**	**$325,289**	**$334,656**	**$344,264**
Debt Service Coverage Ratio	**1.94**	**1.97**	**2.00**	**2.03**	**2.06**	**2.09**	**2.12**	**2.15**	**2.19**	**2.22**	**2.25**
Beginning Cash Balance											
Cumulative Net Revenues Available after Debt Service	**$5,762,985**	**$6,029,043**	**$6,302,915**	**$6,584,808**	**$6,874,936**	**$7,173,518**	**$7,480,774**	**$7,796,931**	**$8,122,220**	**$8,456,876**	**$8,801,139**

Revised second scenario excluding restaurant lease revenues

B Street Theater
Construction Financing Cash Flow Projection

Fiscal Years Ending June 30,	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net Revenues from Operations less Restaurant Lease Available for Debt									
Net Revenues Available from Operations for Debt Service	($24,000)	$2,505,328	$345,990	$404,016	$429,876	$427,236	$424,596	$421,956	$419,316
Less Restaurant Lease	$0	$0	($31,500)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)
Net Revenues from Operations less Restaurant Lease Available for Debt Service	**($24,000)**	**$2,505,328**	**$314,490**	**$341,016**	**$366,876**	**$364,236**	**$361,596**	**$358,956**	**$356,316**
Total Annual Debt Service	$8,317	$126,625	$252,765	$252,765	$475,198	$419,951	$419,214	$418,462	$417,695
Net Revenues Available after Debt Service	**($32,317)**	**$2,378,703**	**$61,725**	**$88,251**	**($108,322)**	**($55,716)**	**($57,619)**	**($59,507)**	**($61,379)**
Debt Service Coverage Ratio	**n/a**	**19.79**	**1.24**	**1.35**	**0.77**	**0.87**	**0.86**	**0.86**	**0.85**
Beginning Cash	$507,040								
Cumulative Net Revenues Available after Debt Service	**$474,723**	**$2,853,426**	**$2,915,151**	**$3,003,401**	**$2,895,079**	**$2,839,363**	**$2,781,745**	**$2,722,238**	**$2,660,859**

B Street Theater
Construction Financing Cash Flow Projection

Fiscal Years Ending June 30,	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Net Revenues from Operations less Restaurant Lease Available for Debt										
Net Revenues Available from Operations for Debt Service	$429,520	$456,880	$484,240	$461,600	$458,960	$491,320	$497,780	$504,422	$511,250	$518,267
Less Restaurant Lease	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)
Net Revenues from Operations less Restaurant Lease Available for Debt Service	**$366,520**	**$393,880**	**$421,240**	**$398,600**	**$395,960**	**$428,320**	**$434,780**	**$441,422**	**$448,250**	**$455,267**
Total Annual Debt Service	$423,454	$282,110	$281,661	$281,193	$280,706	$280,199	$279,670	$279,120	$278,547	$277,950
Net Revenues Available after Debt Service	**($56,934)**	**$111,770**	**$139,579**	**$117,407**	**$115,254**	**$148,121**	**$155,110**	**$162,302**	**$169,703**	**$177,317**
Debt Service Coverage Ratio	**0.87**	**1.40**	**1.50**	**1.42**	**1.41**	**1.53**	**1.55**	**1.58**	**1.61**	**1.64**
Beginning Cash										
Cumulative Net Revenues Available after Debt Service	**$2,603,925**	**$2,715,694**	**$2,855,273**	**$2,972,680**	**$3,087,934**	**$3,236,055**	**$3,391,164**	**$3,553,466**	**$3,723,169**	**$3,900,485**

B Street Theater
Construction Financing Cash Flow Projection

Fiscal Years Ending June 30,	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Net Revenues from Operations less Restaurant Lease Available for Debt												
Net Revenues Available from Operations for Debt Service	$525,477	$532,884	$540,492	$548,305	$556,327	$564,562	$573,015	$581,690	$590,591	$599,723	$609,090	$618,697
Less Restaurant Lease	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)
Net Revenues from Operations less Restaurant Lease Available for Debt Service	**$462,477**	**$469,884**	**$477,492**	**$485,305**	**$493,327**	**$501,562**	**$510,015**	**$518,690**	**$527,591**	**$536,723**	**$546,090**	**$555,697**
Total Annual Debt Service	$277,328	$276,681	$276,006	$275,304	$274,572	$273,811	$273,017	$272,191	$271,330	$270,433	$269,500	$268,527
Net Revenues Available after Debt Service	**$185,148**	**$193,203**	**$201,486**	**$210,001**	**$218,755**	**$227,752**	**$236,998**	**$246,499**	**$256,261**	**$266,290**	**$276,590**	**$287,170**
Debt Service Coverage Ratio	**1.67**	**1.70**	**1.73**	**1.76**	**1.80**	**1.83**	**1.87**	**1.91**	**1.94**	**1.98**	**2.03**	**2.07**
Beginning Cash												
Cumulative Net Revenues Available after Debt Service	**$4,085,634**	**$4,278,837**	**$4,480,323**	**$4,690,324**	**$4,909,078**	**$5,136,830**	**$5,373,828**	**$5,620,328**	**$5,876,589**	**$6,142,879**	**$6,419,469**	**$6,706,639**

Original second scenario excluding restaurant lease revenues

Second scenario excluding restaurant lease revenues

B Street Theater										
Construction Financing Cash Flow Projection										
Fiscal Years Ending June 30,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
			Open mid year	Full amortization begins						
Net Revenues from Operations less Restaurant Lease Available for Debt Service										
Net Revenues Available from Operations for Debt Service	($24,000)	$255,328	$595,990	$654,016	$679,876	$677,236	$674,596	$671,956	$669,316	$711,676
Less Restaurant Lease	$0	$0	($31,500)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)
Net Revenues from Operations less Restaurant Lease Available for Debt Service	**($24,000)**	**$255,328**	**$564,490**	**$591,016**	**$616,876**	**$614,236**	**$611,596**	**$608,956**	**$606,316**	**$648,676**
Total Annual Debt Service	$13,000	$85,100	$211,240	$211,240	$429,174	$420,674	$420,674	$420,674	$420,674	$423,454
Net Revenues Available after Debt Service	**($37,000)**	**$170,228**	**$353,250**	**$379,776**	**$187,702**	**$193,562**	**$190,922**	**$188,282**	**$185,642**	**$225,221**
Debt Service Coverage Ratio	**n/a**	**3.00**	**2.67**	**2.80**	**1.44**	**1.46**	**1.45**	**1.45**	**1.44**	**1.53**
Beginning Cash Balance	**$507,040**									
Cumulative Net Revenues Available after Debt Service	**$470,040**	**$640,268**	**$993,518**	**$1,373,294**	**$1,560,995**	**$1,754,557**	**$1,945,479**	**$2,133,760**	**$2,319,402**	**$2,544,623**

B Street Theater										
Construction Financing Cash Flow Projection										
Fiscal Years Ending June 30,	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Net Revenues from Operations less Restaurant Lease Available for Debt Service										
Net Revenues Available from Operations for Debt Service	$489,036	$516,396	$493,756	$491,116	$523,476	$529,936	$536,578	$543,405	$550,422	$557,632
Less Restaurant Lease	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)
Net Revenues from Operations less Restaurant Lease Available for Debt Service	**$426,036**	**$453,396**	**$430,756**	**$428,116**	**$460,476**	**$466,936**	**$473,578**	**$480,405**	**$487,422**	**$494,632**
Total Annual Debt Service	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434
Net Revenues Available after Debt Service	**$151,602**	**$178,962**	**$156,322**	**$153,682**	**$186,042**	**$192,502**	**$199,144**	**$205,971**	**$212,988**	**$220,198**
Debt Service Coverage Ratio	**1.55**	**1.65**	**1.57**	**1.56**	**1.68**	**1.70**	**1.73**	**1.75**	**1.78**	**1.80**
Beginning Cash Balance										
Cumulative Net Revenues Available after Debt Service	**$2,696,225**	**$2,875,187**	**$3,031,508**	**$3,185,190**	**$3,371,232**	**$3,563,734**	**$3,762,877**	**$3,968,849**	**$4,181,837**	**$4,402,036**

B Street Theater											
Construction Financing Cash Flow Projection											
Fiscal Years Ending June 30,	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Net Revenues from Operations less Restaurant Lease Available for Debt Service											
Net Revenues Available from Operations for Debt Service	$565,040	$572,648	$580,461	$588,483	$596,718	$605,171	$613,846	$622,747	$631,879	$641,246	$650,853
Less Restaurant Lease	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)	($63,000)
Net Revenues from Operations less Restaurant Lease Available for Debt Service	**$502,040**	**$509,648**	**$517,461**	**$525,483**	**$533,718**	**$542,171**	**$550,846**	**$559,747**	**$568,879**	**$578,246**	**$587,853**
Total Annual Debt Service	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434	$274,434
Net Revenues Available after Debt Service	**$227,606**	**$235,214**	**$243,027**	**$251,049**	**$259,284**	**$267,737**	**$276,412**	**$285,313**	**$294,445**	**$303,812**	**$313,419**
Debt Service Coverage Ratio	**1.83**	**1.86**	**1.89**	**1.91**	**1.94**	**1.98**	**2.01**	**2.04**	**2.07**	**2.11**	**2.14**
Beginning Cash Balance											
Cumulative Net Revenues Available after Debt Service	**$4,629,641**	**$4,864,855**	**$5,107,882**	**$5,358,930**	**$5,618,215**	**$5,885,952**	**$6,162,363**	**$6,447,676**	**$6,742,121**	**$7,045,932**	**$7,359,352**

Conclusions

As a result of the City disbursing all its funding to B Street at the time of commencement of construction, debt service coverage in some years drops below 1.0:1. However, all projections indicate that B Street will have sufficient Cumulative Net Revenues Available after Debt Service in each fiscal year to cover expenses and to service its outstanding and proposed debt.

Conclusions

The first scenario stresses B Street's attendance and resulting revenues and annual cash flows at 57,000 through FY 2028; a level lower than B Street has realized since FY 2003. Yet, although expenses are allowed to grow year-over year, Net Revenues Available from Operations for Debt Service remains positive in each year through maturity of both proposed loans. Additionally, Net Revenues Available from Operations after Debt Service remains positive as well. The lowest debt service coverage ratio under this scenario is 1.17:1.

Next, Staff stressed the above scenarios without the restaurant lease revenue. Again, Net Revenues Available from Operations for Debt Service remains positive in each year through maturity of both proposed loans as does Net Revenues Available from Operations after Debt Service. The lowest debt service coverage ratio under this scenario is 1.06:1.

The second scenario stresses B Street's B Street's attendance and resulting revenues and annual cash flows at less conservative levels than in the first scenario, with and without restaurant lease revenues. In all years, both Net Revenues Available from Operations for Debt Service and Net Revenues Available from Operations after Debt Service remain positive. The lowest debt service coverage ratio under this scenario with restaurant lease revenues is 1.58:1, and 1.44:1 without restaurant lease revenues.

Based upon Staff's conservative analysis, B Street projects the ability to service the proposed IBank Loan.

PROJECT AND TRANSACTION DESCRIPTIONS

PROJECT DESCRIPTION

The Project consists of the construction of a new 45,000 square foot theatre complex to be located at 27th and Capitol Avenue in Sacramento's midtown area. The Project includes two theatre spaces, a large public lobby, outdoor courtyard, a café, backstage areas, three classroom/rehearsal spaces, and administrative offices. One theatre, to be known as the Sutter Children's Theatre, will seat 365 patrons and will be primarily used for B Street Theatre's Family Series and programs for young people. The second theatre will seat 250 patrons and will be home to B Street's Mainstage Series which performs plays for general audiences and will also be used for other programming and events. The facility will fit the City of Sacramento's vision of a new central city mixed-use district. The total project cost is estimated at $23,193,000 of which $12,315,885 is for construction.

The City of Sacramento has supported the Project with a planning grant of $1,000,000. B Street has requested additional support in the amount of $2,500,000. B Street is currently engaged in discussions with City Staff. The IBank Loan will be conditioned on B Street receiving support of $2,500,000 from the City of Sacramento or other sources acceptable to the IBank.

Sutter Health Sacramento Sierra Region dba Sutter Medical Center, Sacramento, a California nonprofit public benefit corporation (Sutter) granted to B Street the exclusive option to purchase the 38,000 square-foot fully entitled site (Site) upon which the Project will be constructed (together with all improvements, Property). The purchase price of the Site is $1.00. B Street's option to purchase the Site from Sutter will expire on June 30, 2015 if not exercised before then. Sutter has provided planning services to B Street for the Project and has agreed to provide off-site improvements (sidewalks, gutters, etc.) and 60 permanent parking spaces for B Street staff's use.

MarketOne Builders, Inc. (MarketOne), a California C corporation (CA License 737694) held by Tom Ford and James Fitzgerald, is the commercial building contractor and construction management firm for the B Street Project. The firm has been in existence since 1997 and has successfully placed all required project bonds up to a maximum of $8,500,000. MarketOne is using the standard AIA form contract for the Project, including the GMP Cost Plus Contract for the preconstruction and construction services and the A133 for preconstruction. At the completion of the design phase, MarketOne competitively bid the project and issued a formal Guaranteed Maximum Price proposal that identifies the GMP Contract Documents, GMP price and a schedule for the Project. A 0.048% contingency is included in the Guaranteed Maximum Price of $12,315,885. B Street began due diligence on the Project in 2008 and has incurred pre-development costs consisting primarily of engineering and architectural fees.

The Project was included in the Sutter Medical Center's Environmental Impact Report. Sutter has obtained environmental clearance under CEQA for the Project. Finally, the Project has received the required entitlements and regulatory approvals. Construction documents are underway and the application for permits is being submitted on or before May 29, 2014.

In addition to the IBank Loan, the Project is being funded with private donations and financing provided through the New Market Tax Credits Program, as more fully described below. The Project is in the final planning stages and, subject to the availability of a new market tax credit financing (NMTC) and the proposed IBank financing, is expected to begin construction in October 2014 and be completed by March 2016.

On April 22, 2014, the City Council of the City of Sacramento unanimously declared its support for the Project and its intent to act as a Sponsor for purposes of the IBank Financing Application.

TRANSACTION DESCRIPTION

NEW MARKET TAX CREDIT TRANSATIONS:

Congress established the New Markets Tax Credit Program (NMTC Program) through the Community Renewal and Tax Relief Act of 2000 to assist economically distressed communities attract private investment capital by providing investors with a Federal tax credit. Investments made through the NMTC Program are used to finance businesses and real estate projects to breathe new life into neglected and underserved low-income communities. The NMTC Program provides an incentive to debt and equity investors in the form of a 39% federal income tax credit for investing capital into qualified projects in eligible low-income areas primarily designated by census tracts.[1] The NMTC Program is aimed at offsetting the risk of investing in distressed and low-income communities. Furthermore, the proposed IBank financing of the Project, together with the NMTC financing, is consistent with the goals of the Bergeson-Peace Act to support the efforts of businesses attempting to expand in local communities, by utilizing existing mechanisms that coordinate federal, state, local and private financial resources for economic revitalization, future development and a healthy climate for jobs.

The Parties and the Process

NMTC Investor and Investment Fund. In general, NMTC funding for any project is provided through an investor (Investor) that purchases the tax credits awarded to a project. B Street has identified U.S. Bank Community Development Corporation (USBCDC) as its potential tax credit investor. USBCDC is a major investor nationally in NMTC financing. In order to carry out an NMTC financing, the Investor creates a special purpose entity known as the Investment Fund and makes an equity contribution to the Investment Fund (NMTC Equity) in an amount representing its purchase price for the related tax credits. (See Exhibit B)

CDEs and Tax Credit Awards. Tax credits are awarded to qualifying projects through Community Development Entities (CDEs). For larger projects, multiple CDEs may be involved in awarding credits to a single project. CDEs receive their credits through the Community Development Financial Institutions Fund (CDFI), a division of the U.S. Treasury Department, which awards credits annually to CDEs across the country.

Sub-CDEs. When a CDE awards credits to a specific project, it creates an affiliate (Sub-CDE) to carry out the financing for the project. The CDE allocates to its Sub-CDE credits it has been awarded by the CDFI and, based on the value of the credits, the Sub-CDE is capitalized by a “qualified equity investment” (QEI) made by the Investment Fund. As a result, the Sub-CDE is typically managed by its “parent” CDE, but is owned by the Investment Fund (frequently the CDE owns a .01% interest in the Sub-CDE and the Investment Fund owns a 99.99% interest). The Sub-CDE uses the funds provided from the QEI to provide below market loan financing to the project.

[1] Source: Office of the Comptroller of the Currency. Community Development Facts Sheet

QEI. The amount of tax credits available for a particular project is based on the overall development budget for the project, but is calculated for tax purposes based on the size of the QEI. In "leveraged" transactions, such as the one B Street is proposing, the QEI is derived from two sources: the NMTC Equity and a "leverage loan." The proposed IBank loan (sometimes referred to as a "source loan") will fund a significant portion of B Street's leverage loan.

Basic Economics for Investor

As described above, the Investor in NMTC transactions makes an equity contribution to the Investment Fund in an amount equal to its purchase price for the tax credits awarded to the project. The purchase price is based on the Investor's valuation of the credits. Under applicable tax provisions, the value of the credits is equal to 39% of the QEI. However, Investors typically do not purchase credits for 100% of this valuation. The purchase price under current market conditions may be in the range of 80-85%.

Here is an example of the amount of NMTC financing available in connection with a $24M development, where a $24M QEI is funded, and where the Investor's purchase price is $.80. The gross proceeds of the NMTC Equity will be calculated as follows: $24 x .39 x .8 = $7,488,000. To calculate the net proceeds available for development costs of the project, there must be subtracted from the gross proceeds all related NMTC financing costs, including CDE fees. Investors frequently estimate that, in larger projects, the net proceeds available for development costs of a project are approximately 80% of the QEI. In the above example, that amount will be equal to approximately $5,990,400.

General Funding Mechanics

In order for the Investor to realize its anticipated benefit from its NMTC Equity investment, tax rules governing the credits must be met such that, in the example given above, a $24M QEI is made for a qualifying project in accordance with applicable rules. The Investor is entitled to the tax credits based on the $24M QEI being employed at closing to make below market loan financing available to the project (this below market financing is referred to as a "qualified low income community investment," or "QLICI"). As described above, the result to the project is the receipt of net NMTC proceeds in an amount equal to approximately $5,990,000.

Need for Up-Front Funding

In the example above, the QEI is employed at closing to make below market loan financing available to a qualifying project and accordingly the Investor provides the related NMTC Equity and the project receives the corresponding net proceeds. As described above, the QEI was derived from the combination of the NMTC Equity and the leverage loan.

In the context of the B Street financing, the leverage loan, as mentioned above, will be funded in substantial part by the IBank loan. As also described above, it's critical for the Investor, in order to realize its anticipated return, and for the project, in order to realize

the net proceeds needed to complete the financing effort, that the leverage loan be fully funded at closing. Therefore, the IBank loan also needs to be fully funded at closing. Otherwise, there will not be a sufficient return to the Investor and, as a consequence, there will not be sufficient net proceeds for the project.

Protecting the IBank

The proposed IBank Loan, as described in more details below, has been structured with up-front loan funding to provide to IBank the same kinds of protections it will have in a draw-down loan structure.

IBANK $8,400,000 LOAN (IBank Loan):

First Loan

The $8,400,000 IBank Loan will be considered a “source loan” that will be outside of the NMTC financing structure. The IBank Loan will be a loan to B Street and not to the Investment Fund. However, the IBank Loan will be subject to certain limitations of the NMTC structure during the first approximately 7 years of the Project (Compliance Period). The IBank Loan will not be secured by the Project during the Compliance Period. Consequently, the proposed IBank Loan is being structured as 2 loans. The first loan (First Loan) will mature up to one year after the end of the Compliance Period for the NMTCs. At the maturity of the First Loan and only upon satisfaction of certain terms and conditions, B Street may exercise an option to enter into a second loan (Second Loan) as further described below (the First Loan and the Second Loan are referred to collectively as the IBank Loan).

The proceeds from the First Loan (First Loan Proceeds) and the proceeds from the New Markets Tax Credits financing will be used for the construction of the Project. See Sources and Uses above. The initial date of funding for the First Loan (First Closing Date) will be coincident with the closing of the New Markets Tax Credit financing for the Project, following the successful award of credits in an amount acceptable to the IBank, by one or more Community Development Entities.

The maturity of the First Loan will be up to 8 years from the First Closing Date (First Loan Maturity). This proposed term allows up to one year for the NMTC structure to be unwound which is expected to take only a few months but no longer than a year. As such, so long as the NMTC financing is successfully unwound, the First Loan may be prepaid on any date after the Compliance Period (Permitted Prepayment Date) but matures no later than 8 years from the First Closing Date. At the First Loan Maturity, the First Loan is subject to re-collateralization and restructuring at the discretion of the IBank; otherwise the First Loan will be due and payable in full on the First Loan Maturity.

The total annual debt service payments on the IBank Loan will be calculated on the basis of 30 years total, with an initial 2-years interest only period, followed by 28-years amortization (Amortization). Principal will be paid annually and interest will be paid semi-annually. Unless the Borrower Option (as defined under Optional Second Loan below)

arises and is exercised by B Street, the total outstanding amount of the First Loan will be due in full at the First Loan Maturity.

From the First Closing Date to the First Loan Maturity, the First Loan will carry an interest rate of 2.06%. The interest rate on any Second Loan will not exceed 4.15% for the remaining term of the Amortization. This rate will be set at the Second Loan Closing upon satisfaction of the conditions to entry to the second loan and will depend on IBank interest rates at the time but will not exceed 4.15%. Prepayment will be permitted on the Second Loan in part or in whole at par on any scheduled payment date, subject to 90 days prior written notice to IBank.

If approved by the IBank Board, the First Loan will be subject to a Loan Agreement and related ancillary and collateral documents, by and between the IBank and B Street, in form and substance acceptable to the IBank and on terms and conditions relating specifically to the NMTC financing.

In addition to standard terms and conditions (Exhibit C), the following conditions precedent to closing will be required in connection with the First Loan:

1. Allocation by one or more CDEs of sufficient NMTC to consummate a NMTC financing.
2. IBank review and approval of NMTC documentation
3. $2,500,000 from the City of Sacramento or other sources acceptable to IBank
4. Successful simultaneous closing of NMTC financing with IBank First Loan
5. Pledge of ticket sales surcharge in Lock Box
6. $1,100,000 Debt Service Reserve Fund
7. Sutter Health $1,000,000 Guarantee of Payment
8. Sutter $500,000 10 year grant
9. Capital Campaign Contributions Pledge of all such contributions, subject to control agreement
10. Assignment of Leverage Loan from NMTC
11. “as-is” appraisal on the Project of at least $5,958,000 and an “as-built” appraisal of at least $16,800,000 as part of NMTC transaction
12. Tri-party Agreement among B Street, Sutter and IBank (See Sources of Repayment, Collateral and Other Support) in form and substance satisfactory to the IBank.

Second Loan

At the earlier of the Permitted Prepayment Date or the First Loan Maturity, but only upon satisfaction of certain terms and conditions, B Street may exercise an option to enter into the Second Loan (Borrower Option). Such terms and conditions, including but not limited to those set forth below, will be negotiated and finalized by the closing of the Second Loan.

1. Successful unwinding of the NMTC financing by the First Loan Maturity.
2. No material adverse change, as determined by the IBank, in B Street’s financial condition or operations.

3. No events of default occurred or continuing on the First Loan.
4. No Change in Control.
5. No material litigation.
6. Annual Debt Service Coverage acceptable to IBank
7. Appraisals of the Project and other B Street property and assets satisfactory to the IBank

If a Second Loan is made, it will be subject to the usual and customary terms and conditions for a construction financing, including without limitation, the following terms and conditions:

1. Maturity of the Second Loan in 30 years from the First Loan Closing.
2. The principal amount of the Second Loan will be acceptable to the IBank and under no circumstance will such principal amount exceed the outstanding balance of the First Loan as of the date of the First Loan Maturity.
3. The interest rate on the Second Loan will not exceed 4.15% to the Second Loan Maturity.
4. A first lien security interest in the Project documented by a Deed of Trust or similar applicable document and a first lien security interest in all other assets of B Street documented by a Security Agreements and Account Control Agreements, as appropriate and acceptable to the IBank.
5. The ticket sales surcharge will continue to be collected and deposited in accordance with a lock box account acceptable to the IBank.
6. Sinking fund, reserve and guarantee acceptable to the IBank.
7. Covenants required by the IBank under the First Loan will continue to be required for the Second Loan, unless waived by the IBank.

Sources of Repayment, Collateral and Other Support

Ticket Sales Surcharge: The primary source of repayment for the IBank Loan will be the revenue generated by all ticket sales surcharges added to each ticket sold for the Mainstage, B3 Series and Family Series performances (Surcharge). The Surcharge available to repay the IBank Loan initially will be a $4.00 fee that will gradually increase 0.50/year at different intervals over the term of the IBank Loan. Different scenarios for the incremental increases in the Surcharge are included in the cash flow spread sheets under Cash Flows and Debt Service Coverage. The Surcharge will be deposited exclusively in a lock box account.

The Surcharge will be added to all public event tickets sold at B Street upon the closing of the First Loan. However, the Surcharge will not apply to non-ticketed performances, private events, and school field trip performances. The Surcharge will remain in place so long as the IBank Loan is outstanding.

B Street does not currently have a facility fee or surcharge on tickets and operates its

own proprietary ticket system, which will be the ticketing system in the new facility.[2] In order to test B Street's ability to repay the IBank Loan, B Street conducted a sensitivity analysis, which demonstrated, as discussed in more detail under Credit Analysis, that B Street's financial plan for the repayment of the IBank Loan is feasible even with assumptions of reduced annual attendance and current level of operations.

Guarantee of Payment: Sutter Health will provide to IBank a guarantee of payment for the First Loan that will be available to cover annual debt service up to $1,000,000.

Tri-Party Agreement: Tri-party Agreement among B Street, Sutter and IBank documenting Sutter's agreement to reacquire the Property for the benefit of IBank at a price equal to the IBank Loan in the event of a payment default on the IBank Loan and in form and substance satisfactory to the IBank.

Debt Service Reserve: A debt service reserve fund in the amount of $1,100,000 (Reserve) will be established and fully funded at the closing of the First Loan. The Reserve will be available to be used to pay down the outstanding balance at the First Loan Maturity.

Sutter Annual Payments: The IBank Loan will be secured by a first priority security interest and pledge in the $500,000 contribution to be made by Sutter to B Street for a $50,000 annual payment for each of 10 years pursuant to a written agreement between B Street and Sutter. The Sutter $500,000 contribution will be subject to an account control agreement in favor of the IBank.

Capital Campaign Contributions Pledge: The IBank Loan will be secured by all annual capital campaign contributions made to B Street. The Capital Campaign Contributions will be deposited into an account that will be subject to IBank control pursuant to an account control agreement.

Leverage Loan under NMTC: The First Loan will be secured by a collateral assignment by B Street of its rights under the Leverage Loan made under the NMTC financing, together with an assignment of rights. In the event of a default by B Street, all principal, interest and other payments made to B Street under the NMTC financing will be collected and deposited into a lockbox account for payment of the First Loan, and later, the Second Loan, if any.

Restaurant Lease Payments: The IBank Loan will be secured by a first priority security interest in lease payments (Restaurant Lease Payments) to be received by B Street for renting a portion of its new facility (consisting of approximately 3,000 square feet) to be used as restaurant space. Restaurant Lease Payments will be pledged to the IBank and subject to an account control agreement in favor the IBank.

Deed of Trust: The Second Loan will be secured by a first lien security interest in the Property documented by a Deed of Trust or similar applicable document.

[2] Source: ISRF Application

Sutter Option: For the Second Loan, if an event of default has occurred which gives rise to the IBank's right to foreclose on the Property for which the IBank holds a first lien interest, Sutter shall have the right of first refusal to acquire the Property from the IBank at fair market value.

Blanket First Lien: In addition to the first lien security interest in the Property, the Second Loan will be secured by a first lien security interest in all other assets of B Street documented by a Security Agreement and Account Control Agreement, as appropriate and acceptable to the IBank.

GENERAL INFORMATION

History

The B Street Theatre was incorporated on May 7, 1986 by veteran stage, television, and film actor Timothy Busfield, to create a touring theatre for children performing new works and classic children's literature. Tim was joined by his brother, Buck Busfield, a noted playwright and director, who had worked at the Children's Theatre Company of Minneapolis, one of the country's leading producers of theatre for young audiences.

B Street, incorporated as Theatre for Children, Inc., a not-for-profit public benefit corporation and professional theatre serving children and adults in the Sacramento region and throughout Northern California. The mission of the B Street Theatre is to promote education and literacy, social interaction, and cultural enrichment by engaging children and adults in the highest quality theatre arts and playwriting. Currently, B Street operates the following programs:

- B Street Theatre School Tour
- Young Playwrights Festival and Playwriting Workshops
- B Street Theatre Family Series
- B Street Theatre Mainstage Series
- B3 Series
- B Street Studio for Young Actors and Conservatory for Adults
- Intern Company

Public Benefits

- **The Project Supports the City of Sacramento Goals:**
    - **Contribute to Mid-Town District Redevelopment Plan**
    - **Contribute to Character of the Community**
    - **Supporting Tourism**

- **Current Location** – B Street is currently located at 2711 B Street, Sacramento, a remote midtown location and a mere 20 feet from a heavily used rail corridor. There is no pass-by traffic or amenities, such as restaurants or shopping. The Project location at 2700-2710 Capitol Avenue & 1315 27th Street, Sacramento, is on a major artery with an annual traffic count of approximately four million cars

(compared to 50,000 cars at its current location), close freeway access, adjacent to restaurants and retail shopping, and next to Sutter Medical Center's new Anderson Lucchetti Women's and Children's Hospital and parking garage in the newly formed Sutter District, a business improvement district.

- **Sacramento Policy Considerations** – B Street Theatre is consistent with the City of Sacramento's 2030 General Plan as it is expected to add to Sacramento's cultural amenities and contribute to the quality of life for residents and visitors.

- **Sacramento Support** – B Street has been in operation and providing performing arts to children and adults for 28 years. The City of Sacramento has demonstrated its support of B Street as a cultural asset by providing a $1,000,000 planning grant to B Street in connection with the Project and considering additional support of up to a $2,500,000 to assist B Street. The IBank Loan will be conditioned on B Street receiving support of $2,500,000 from the City of Sacramento or other sources acceptable to the IBank.

- **Economic Impacts** – The economic impact estimates are calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). The total estimated cost of construction for the Project is $12,315,885, which is projected to create 42 direct jobs and 30 indirect jobs. Additionally, according to the CSER calculation over $7.7 million in direct output and over $4.2 million in indirect or induced activities will be generated by the construction Project. Actual impacts could differ significantly from the estimates.

- **Sustainability** – The Project will increase the use of the Sutter Medical Center complex and comport with sustainable infill goals.

- **Job and Jobs Training** – Partnership with Crossroads Services

- **Market Growth** – The Sacramento region is growing. The population is currently just over two million persons and is forecast to be close to three million by 2020. A significant percentage of this growth is planned to occur in the central city area.[3] Having a rich offering of community assets and amenities is a key element of keeping central Sacramento vibrant, attractive, and livable.

- **Approvals** – The Project has received the required entitlements, environmental clearances and regulatory approvals.[4]

MANAGEMENT TEAM, LITIGATION, AND CRITERIA

Management Team

Bill Blake is the Managing Director of B Street and has contributed his many of years of experience as an arts management consultant, arts educator and general manager of

[3] Information from the Sacramento Area Council of Governments. www.sacog.org.
[4] Source of Section: Financing Application

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 and

Jerry Montoya is the Associate Producer of B Street and

Zara Whittles is the Senior Administrator of B Street and

Melissa Cirone is the Director of Development of B Street and

The B Street Board of Directors is listed on Exhibit D.

Litigation

B Street confirmed that there is no current or anticipated litigation or material controversy that will materially affect its ability to construct the Project or repay the proposed IBank Loan.

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 proposed IBank Loan.

ISRF Criteria

The proposed IBank Loan to B Street will be in compliance with the Amended and Restated Criteria, Priorities, and Guidelines for the Selection of Projects for Financing under the Infrastructure State Revolving Fund Program (Criteria).

CREDIT ANALYSIS

Historical Operations

Statement of Financial Position

B Street provided its audited June 30, 2014 financial statements. Following is an updated spreadsheet in which FY 2011 was deleted and FY 2014 was added.

COMPARATIVE STATEMENTS of FINANCIAL POSITION						
For Fiscal Year Ending (FYE) June 30,	2012		2013		2014	
Source:	Audit	%	Audit	%	Audit	%
Assets						
Cash & Equivalents	$149,906	9.7%	$441,057	20.7%	$188,540	6.8%
Investments	$5,100	0.3%	$149,200	7.0%	$150,495	5.4%
Accounts Receivable	$47,043	3.0%	$17,717	0.8%	$3,650	0.1%
Pledges Receivable	$213,235	13.8%	$402,482	18.9%	$687,526	24.7%
Prepaid Expenses	$35,611	2.3%	$35,352	1.7%	$57,674	2.1%
Deposits	$54,129	3.5%	$60,277	2.8%	$58,206	2.1%
Property and Equipment, net	$1,037,520	67.3%	$1,021,073	48.0%	$1,637,846	58.8%
Total Assets	**$1,542,544**	**100.0%**	**$2,127,158**	**100.0%**	**$2,783,937**	**100.0%**
Liabilities and Net Assets						
Liabilities						
Accounts Payable and Accrued Liabilities	$74,622	4.8%	$85,304	4.0%	$189,565	6.8%
Deferred Revenue	$749,543	48.6%	$757,356	35.6%	$742,560	26.7%
Note Payable	$14,919	1.0%	$8,916	0.4%	$2,913	0.1%
Lines of Credit	$80,000	5.2%	$150,000	7.1%	$100,000	3.6%
Term Loan	$0	0.0%	$83,784	3.9%	$92,389	3.3%
Total Liabilities	**$919,084**	**59.6%**	**$1,085,360**	**51.0%**	**$1,127,427**	**40.5%**
Net Assets						
Unrestricted Assets	$189,267	12.3%	$9,329	0.4%	$709,441	25.5%
Temporarily Restricted	$434,193	28.1%	$1,032,469	48.5%	$947,069	34.0%
Total Net Assets	**$623,460**	**40.4%**	**$1,041,798**	**49.0%**	**$1,656,510**	**59.5%**
Total Liabilities and Net Assets	**$1,542,544**	**100.0%**	**$2,127,158**	**100.0%**	**$2,783,937**	**100.0%**

Analysis of the above spreadsheet finds Total Assets grew by $656,779, or 30.9%, in FY 2014. Growth was seen primarily in Pledges Receivable as B Street continued the capital campaign started in FY 2007 in support of the Project; and in Property and Equipment as B Street recognized further engineering and architecture costs for the Project.

Total Liabilities grew primarily due to a $104,261 increase in Accounts Payable and Accrued Liabilities. Temporarily Restricted Net Assets declined as certain assets, which includes capital campaign contributions received and receivable, were released from restrictions. Unrestricted Assets grew as a result of the release of restricted assets, growth Project and Equipment, and a positive Change in Net Assets as will be seen in the next section of this report.

Following is the Comparative Statements of Financial Position for B Street's last three fiscal years ending (FYE) June 30.

COMPARATIVE STATEMENTS of FINANCIAL POSITION						
For Fiscal Year Ending (FYE) June 30,	2011		2012		2013	
Source:	Audit	%	Audit	%	Audit	%
Assets						
Cash & Equivalents	$75,943	4.7%	$149,906	9.7%	$441,057	20.7%
Investments	$9,377	0.6%	$5,100	0.3%	$149,200	7.0%
Accounts Receivable	$28,469	1.8%	$47,043	3.0%	$17,717	0.8%
Pledges Receivable, net of allowances for uncollectible pledges of $23,730	$241,557	15.1%	$213,235	13.8%	$402,482	18.9%
Corporate Sponsorship Receivable	$100,000	6.2%	$0	0.0%	$0	0.0%
Prepaid Expenses	$34,527	2.2%	$35,611	2.3%	$35,352	1.7%
Deposits	$53,879	3.4%	$54,129	3.5%	$60,277	2.8%
Property and Equipment, net	$1,059,915	66.1%	$1,037,520	67.3%	$1,021,073	48.0%
Total Assets	**$1,603,667**	**100.0%**	**$1,542,544**	**100.0%**	**$2,127,158**	**100.0%**
Liabilities and Net Assets						
Liabilities						
Accounts Payable and Accrued Liabilities	$60,584	3.8%	$74,622	4.8%	$85,304	4.0%
Deferred Revenue	$731,482	45.6%	$749,543	48.6%	$757,356	35.6%
Note Payable	$20,980	1.3%	$14,919	1.0%	$8,916	0.4%
Lines of Credit	$0	0.0%	$80,000	5.2%	$150,000	7.1%
Term Loan	$0	0.0%	$0	0.0%	$83,784	3.9%
Total Liabilities	**$813,046**	**50.7%**	**$919,084**	**59.6%**	**$1,085,360**	**51.0%**
Net Assets						
Unrestricted Assets	$215,410	13.4%	$189,267	12.3%	$9,329	0.4%
Temporarily Restricted	$575,211	35.9%	$434,193	28.1%	$1,032,469	48.5%
Total Net Assets	**$790,621**	**49.3%**	**$623,460**	**40.4%**	**$1,041,798**	**49.0%**
Total Liabilities and Net Assets	**$1,603,667**	**100.0%**	**$1,542,544**	**100.0%**	**$2,127,158**	**100.0%**
Percentages are calculated on *Total Assets* .						

Total Assets increased $523,491 (31.8%) over the three fiscal years (FY) analyzed. While increases were seen in most asset categories; Accounts Receivable and Corporate Sponsorship Receivable declined. Accounts Receivable represents advanced bookings and fluctuates regularly. Corporate Sponsorship Receivable was a one-time grant received from Bank of America in the total amount of $200,000 that was received over a two-year period. Property and Equipment (Net) declined as a result of depreciation expense.

Total Liabilities increased in the three FYs reviewed ($272,314 (33.5%)). Increases were seen in all categories except Note Payable, which declined as a result of scheduled amortization.

Statement of Activities and Temporarily Restricted Account

Following is the updated Comparative Statements of Activities and Temporarily Restricted Account spreadsheet in which FY 2011 was deleted and FY 2014 was added.

COMPARATIVE STATEMENT of ACTIVITIES									
For Fiscal Year Ending (FYE) June 30,	2012			2013			2014		
Source:	Audit	%		Audit	%		Audit	%	
% Change Ticket Sales and Subscriptions Y-T-Y		-8.8%	Temporarily Restricted		-0.9%	Temporarily Restricted		17.3%	Temporarily Restricted
REVENUE AND SUPPORT									
Ticket Sales and Subscriptions	$1,579,684	57.1%		$1,565,738	59.5%		$1,837,068	52.8%	
Contributions and Grants	$249,977	9.0%	$406,199	$243,490	9.3%	$1,059,365	$292,771	8.4%	$880,559
Sponsorships	$116,600	4.2%		$110,640	4.2%		$127,470	3.7%	
Special Events, Net of Direct Costs	$107,591	3.9%		$79,528	3.0%		$93,280	2.7%	
Concessions	$71,807	2.6%		$74,339	2.8%		$72,472	2.1%	
Summer Camp	$51,073	1.8%		$0	0.0%			0.0%	
Studio for Young Actors	$0	0.0%		$50,384	1.9%		$53,965	1.6%	
Miscellaneous	$34,918	1.3%		$41,597	1.6%		$35,558	1.0%	
Gain on Investments	$5,367	0.2%		$3,471	0.1%		$1,735	0.0%	
Net Assets Released from restrictions	$547,217	19.8%	($547,217)	$461,089	17.5%	($461,089)	$965,959	27.8%	($965,959)
TOTAL REVENUE AND SUPPORT	**$2,764,234**	**100.0%**	**($141,018)**	**$2,630,276**	**100.0%**	**$598,276**	**$3,480,278**	**100.0%**	**($85,400)**
EXPENSES									
Programs (net of Depreciation)	$2,052,574	74.3%		$2,091,948	79.5%		$1,954,771	56.2%	
Depreciation (Statement of Functional Expenses)	$16,622	0.6%		$13,872	0.5%		$12,262	0.4%	
General and Administrative (Net of Depreciation)	$428,869	15.5%		$382,008	14.5%		$390,624	11.2%	
Depreciation (Statement of Functional Expenses)	$5,322	0.2%		$4,575	0.2%		$4,988	0.1%	
Fundraising	$286,990	10.4%		$317,811	12.1%		$417,521	12.0%	
TOTAL EXPENSES	**$2,790,377**	**100.9%**	**$0**	**$2,810,214**	**106.8%**	**$0**	**$2,780,166**	**79.9%**	**$0**
CHANGE IN NET ASSETS	**($26,143)**	**-0.9%**	**($141,018)**	**($179,938)**	**-6.8%**	**$598,276**	**$700,112**	**20.1%**	**($85,400)**
Beginning Net Assets	$215,410		$575,211	$189,267		$434,193	$9,329		$1,032,469
Ending Net Assets	**$189,267**		**$434,193**	**$9,329**		**$1,032,469**	**$709,441**		**$947,069**

The spreadsheet above reflects an increase of $850,022, or 32.3%, in Total Revenue and Support. Ticket Sales and Subscriptions increased $271,330, or 17.3%. Contributions and Grants, Sponsorships, and Special Events also each increased more than 15%. Total Expenses decreased $30,048, or 1.1%, as B Street was able to reduce Program expenses. These changes resulted in a positive Change in Net Assets in FY 2014 of $700,112.

Following is the Comparative Statements of Activities and Temporarily Restricted Account for B Street's last three fiscal years. The table presents activities from both operations and, under a separate column for each FY (shaded light purple), activities that are independently reported as Temporarily Restricted. Transfers from Temporarily Restricted to operations are easily identified in the table below. The sum of Ending Net Assets for operations plus Ending Net Assets Temporarily Restricted for each year in the table below reconcile to Total Net Assets as reported in the Statement of Financial Position (above).

Temporarily Restricted Assets is part of the collateral being pledged to the IBank under the proposed IBank Loan.

COMPARATIVE STATEMENT of ACTIVITIES and TEMPORARILY RESTRICTED ACCOUNT									
For Fiscal Year Ending (FYE) June 30,	2011			2012			2013		
Source:	Audit	%	Temporarily Restricted	Audit	%	Temporarily Restricted	Audit	%	Temporarily Restricted
% Change Ticket Sales and Subscriptions Y-T-Y					-8.8%			-0.9%	
REVENUE AND SUPPORT									
Ticket Sales and Subscriptions	$1,732,476	70.2%		$1,579,684	57.1%		$1,565,738	59.5%	
Contributions and Grants	$73,672	3.0%	$257,364	$249,977	9.0%	$406,199	$243,490	9.3%	$1,059,365
Sponsorships	$160,000	6.5%	$100,000	$116,600	4.2%		$110,640	4.2%	
Special Events, net of direct costs of $17,324, $23,964 and $16,933 respectively	$100,353	4.1%		$107,591	3.9%		$79,528	3.0%	
Concessions	$67,019	2.7%		$71,807	2.6%		$74,339	2.8%	
Summer Camp/Studio for Young Actors	$50,168	2.0%		$51,073	1.8%		$50,384	1.9%	
Miscellaneous	$38,633	1.6%		$34,918	1.3%		$41,597	1.6%	
Gain on Investments	$410	0.0%		$5,367	0.2%		$3,471	0.1%	
Net Assets Released from restrictions	$245,088	9.9%	($245,088)	$547,217	19.8%	($547,217)	$461,089	17.5%	($461,089)
TOTAL REVENUE AND SUPPORT	**$2,467,819**	**100.0%**	**$112,276**	**$2,764,234**	**100.0%**	**($141,018)**	**$2,630,276**	**100.0%**	**$598,276**
EXPENSES									
Programs (net of Depreciation)	$1,724,491	69.9%		$2,052,574	74.3%		$2,091,948	79.5%	
Depreciation (Statement of Functional Expenses)	$15,560	0.6%		$16,622	0.6%		$13,872	0.5%	
General and Administrative (Net of Depreciation)	$386,449	15.7%		$428,869	15.5%		$382,008	14.5%	
Depreciation (Statement of Functional Expenses)	$6,303	0.3%		$5,322	0.2%		$4,575	0.2%	
Fundraising	$289,794	11.7%		$286,990	10.4%		$317,811	12.1%	
TOTAL EXPENSES	**$2,422,597**	**98.2%**	**$0**	**$2,790,377**	**100.9%**	**$0**	**$2,810,214**	**106.8%**	**$0**
CHANGE IN NET ASSETS	**$45,222**	**1.8%**	**$112,276**	**($26,143)**	**-0.9%**	**($141,018)**	**($179,938)**	**-6.8%**	**$598,276**
Beginning Net Assets	$170,188		$462,935	$215,410		$575,211	$189,267		$434,193
Ending Net Assets	**$215,410**		**$575,211**	**$189,267**		**$434,193**	**$9,329**		**$1,032,469**
Percentages are calculated on *Total Revenues and Support* .									

Considering operations first, Total Revenue and Support increased $162,457 (6.6%) over the three FYs analyzed. Increases were centered in Contributions and Grants, Concessions, and Miscellaneous income.

Although Total Revenue and Support increased during the three FYs presented above, Ticket Sales and Subscriptions declined in FY 2012 and again in FY 2013. The most significant revenue source for B Street is its Mainstage Program.

Contributed operating revenue, however, has increased and has helped B Street fill the gap in revenue. B Street made a strategic decision in 2007 to grow its contributed revenue in preparation for the move to a new facility, which will require a higher level of non-ticket sales revenue to operate. The increase in Contributions and Grants reflect the results of B Street capital campaign conducted to raise funds for the Project.

Total Expenses also increased during the period reviewed; $387,617 (8.4%). The increase was centered in Program expenses, which primarily occurred due to a need for additional actors for productions and resulted in an increase in salaries.

Change in Net Assets for operations has declined year-over-year. B Street operated at or close to break-even in FYs 2011 and 2012, and Total Expenses exceeded Total Revenue and Support by 6.8% in FY 2013. B Street has increased its LOC borrowings and expended cash in the form of deferred earnings (revenue received before it is earned) to support operations.

Interim Statement of Activities

B Street provided a copy its audited interim statement of activities for the 10 months ending April 30, 2014, and a copy of its in-house prepared interim statement of activities for the 10 months ending April 30, 2015.

COMPARATIVE STATEMENT of ACTIVITIES				
For Fiscal Year Ending (FYE) June 30,	April 30, 2014 Interim Statement per 2015 Submission		April 30, 2015 Interim Statement per 2015 Submission	
Source:	B Street	%	B Street	%
% Change Ticket Sales and Subscriptions Y-T-Y				
REVENUE AND SUPPORT				
Ticket Sales and Subscriptions	$1,193,674	58.1%	$1,339,007	56.6%
Contributions and Grants	$345,655	16.8%	$379,743	16.1%
Special Events, Net of Direct Costs	$93,732	4.6%	$147,881	6.3%
Concessions	$56,201	2.7%	$88,902	3.8%
Studio for Young Actors	$49,395	2.4%	$50,250	2.1%
Miscellaneous	$314,516	15.3%	$359,142	15.2%
TOTAL REVENUE AND SUPPORT	**$2,053,173**	**100.0%**	**$2,364,925**	**100.0%**
EXPENSES				
Programs (net of Depreciation)	$1,486,629	72.4%	$1,595,057	67.4%
General and Administrative (Net of Depreciation)	$420,010	20.5%	$481,704	20.4%
Fundraising	$156,336	7.6%	$124,182	5.3%
TOTAL EXPENSES	**$2,062,975**	**100.5%**	**$2,200,943**	**93.1%**
CHANGE IN NET ASSETS	**($9,802)**	**-0.5%**	**$163,982**	**6.9%**

Comparison of the two statements in the spreadsheet above finds year-to-date growth in Total Revenue and Support of $311,752, or 15.2%, in FY 2014 over FY 2013. Ticket Sales and Subscriptions grew $145,333, or 12.2%, and growth was seen in all other Revenue and Support categories. Total Expenses during the same timeframe also increased, but at a rate, 6.7%, slower than seen in Total Revenue and Support, 15.2%.

The following table provides a look at B Streets activities through April 30, 2014, ten months of operation.

COMPARATIVE STATEMENT of ACTIVITIES		
For Fiscal Year Ending (FYE) June 30,	April 30, 2014 Interim Statement	
Source:	B Street	%
% Change Ticket Sales and Subscriptions Y-T-Y	annualized %Δ	-9.6%
REVENUE AND SUPPORT		
Ticket Sales and Subscriptions	$1,179,710	58.4%
Contributions and Grants	$325,325	16.1%
Sponsorships		0.0%
Special Events, Net of Direct Costs	$93,732	4.6%
Concessions	$56,236	2.8%
Summer Camp		0.0%
Studio for Young Actors	$49,055	2.4%
Miscellaneous	$314,516	15.6%
Gain on Investments	$0	0.0%
Net Assets Released from restrictions		0.0%
TOTAL REVENUE AND SUPPORT	**$2,018,574**	**100.0%**
EXPENSES		
Programs (net of Depreciation)	$1,233,060	61.1%
Depreciation (Statement of Functional Expenses)	$0	0.0%
General and Administrative (Net of Depreciation)	$666,907	33.0%
Depreciation (Statement of Functional Expenses)	$0	0.0%
Fundraising	$155,216	7.7%
TOTAL EXPENSES	**$2,055,183**	**101.8%**
CHANGE IN NET ASSETS	**($36,609)**	**-1.8%**
Percentages are calculated on *Total Revenue and Support* .		

Annualizing Ticket Sales and Subscriptions in the interim period results in total estimated ticket sales for the current fiscal year of $1,415,652, a 9.6% decline over FY 2013.

B Street stated that together its Mainstage and Family Series are up $50,000 through April 2014 and explained that the apparent decline is due to the rescheduling of its B3 Series (four plays). Previously, this series has been produced on a school calendar year basis; that is, four shows under the B3 format have been produced from September to June. Due to competition for the stage with B Street's Family Series, B Street is realigning its B3 Series production schedule over its full fiscal year. Historically, B Street will have run three plays under the B3 Series by April, and a fourth play in June. The April 2014 interim statement includes only one B3 play. The second play is currently running, and a third play will run at the end of June and beginning of July. The B3 Series is scheduled to continue to a four-play run in FY 2015. B Street further stated that it renewed its contract with the California Mental Health Services Authority (CalMHSA) last Friday, May 23, 2014.

Cash Flow from Historical Operations

The table immediately following updates the table next below that adds non-cash expenses (Depreciation) back to Change in Net Assets to reflect historical cash available for debt service for FY 2012 through interim April 30, 2015.

CASH FLOW				
For Fiscal Year Ending (FYE) June 30,	2012	2013	2014	April 30, 2015 Interim
CHANGE IN NET ASSETS	($26,143)	($179,938)	$700,112	$163,982
+ Depreciation Expense	$21,944	$18,447	$17,250	$0
Cash Available for Debt Service	**($4,199)**	**($161,491)**	**$717,362**	**$163,982**

The following table adds non-cash expenses (Depreciation) back to Change in Net Assets to reflect historical cash available for debt service.

CASH FLOW				
For Fiscal Year Ending (FYE) June 30,	2011	2012	2013	April 30, 2014 Interim Statement
CHANGE IN NET ASSETS	$45,222	($26,143)	($179,938)	($36,609)
+ Depreciation Expense	$21,863	$21,944	$18,447	$0
Cash Available for Debt Service	**$67,085**	**($4,199)**	**($161,491)**	**($36,609)**

The above table indicates B Street has had insufficient cash available from operations in the last two FYs and through the February 28, 2014 interim period to service additional debt.

Outstanding and Proposed Obligations

B Street provided the following updated table of outstanding Obligations.

OBLIGATIONS									
Origination Date	Original Financing Amount	Issuer/ Lender	Type of Debt	Maturity	Interest Rate %	MADS[(1)(2)]	Balance as of 06/17/15	Collateral	Remaining Term
Sep-14	$200,000	SierraVista Bank	Term	Sep-19	4.25%	$54,525	$195,700	Security Agreement and UCC-1 on Business Assets	4 yrs, 3 mos.
12/31/15 (est.)	**$8,400,000**	***I-Bank***	***Term***	**Aug-22**	***2.06%***	***$420,700***	***$0***	***As discussed in this staff report.***	***8 years***
				Total Senior Debt		**$475,225**	**$195,700**		

[(1)] Maximum Annual Debt Service

[(2)] Proposed MADS calculated as $8,400,000 @ 2.06% for 30 years

B Street reports that all debt listed in the Obligations table last year has been paid in full and that it obtained a new term loan from SierraVista Bank (SVB) to assist with pre-development costs of the Project. The SVB loan was originated in September 2014, has a one-year interest only period followed by a four year amortization period. B Street stated that it will not pay off the SVB loan with proceeds from the ISRF Program loan, but intends to pay the SVB per the terms of its agreement with SVB.

OBLIGATIONS									
Origination Date	Original Financing Amount	Issuer/ Lender	Type of Debt	Maturity	Interest Rate %	MADS[(1)(2)]	Balance as of 05/23/13	Collateral	Remaining Term
Dec-10	$20,345	Ford Motor Credit	Term	Dec-14	8.39%	$6,003	$4,825	Van	< 1 year
Feb-14	$100,000	Sierra Vista Bank Note 5125-860	Line of Credit	Feb-15	4.20%	interest due monthly	$80,000	secured	LOC
Feb-13	$97,542	Sierra Vista Bank Note 5125-551	Term	Aug-15	5.75%	$41,064	$50,976	unsecured	< 1 year
Feb-14	$50,000	Sierra Vista Bank Note 5125-691	Term	Feb-18	4.20%	$13,000	$48,553	Certificate of Deposit	3.5 years
09/01/2014 (est.)	**$8,400,000**	***I-Bank***	***Term***	**Aug-22**	***2.06%***	***$420,700***	***$0***		***8 years***
					Total Senior Debt	**$480,767**	**$184,354**		

(1) Maximum Annual Debt Service

(2) Proposed MADS calculated as $8,400,000 @ 2.06% for 30 years

B Street purchased a tour van with a note from Ford Motor Credit (FMC) in December 2010. The note requires monthly principal and interest payments of $500 and matures in December 2014. Payments on the note were not included in the cash flow analysis below since the note will be paid off this coming January, before the first payment is due on the proposed IBank Loan.

B Street has a secured line of credit (LOC) with Sierra Vista Bank (Sierra Vista) to cover operating timing differences. The LOC has a borrowing base of $150,000. The LOC is paid off annually; any balance over $100,000 is termed out. The LOC was termed out in each February 2013 and February 2014. B Street has two term loans with Sierra Vista.

Turn-Around in Economic Conditions

B Street states it is beginning to see signs of the strengthening economy and is aggressively addressing Mainstage single ticket sales with new pricing strategies, marketing, and play selection. Early results are encouraging with an up-tick in sales from January through August 2013. During this time 85% of available seats were sold and attendance is gradually approaching pre-recession levels.

In B Street's current fiscal year it has also found a new, significant form of earned revenue with a "fee for service" contract. B Street has custom tailored a School Tour production dealing with mental health awareness and is touring the production throughout California. This program is opening up new business opportunities for B Street and should contribute to an operating surplus for the 2014 fiscal year.

B Street needs the Project to fully capitalize on the strengthening economy and new business opportunities it has identified. The following provides a comparison of B Street's current location to the Project location:

> At the current location, the stage is 20 feet from a heavily-used rail corridor. The current theatre has insufficient seating to meet its demand, requiring B Street to turn away approximately 2,000 children from matinee performances each year and to frequently sell out adult productions. Remote and isolated from the remainder of midtown Sacramento, the current location has no pass through traffic and no nearby amenities such as restaurants and shopping.
>
> The Project will be located in the heart of midtown, on Capital Avenue about one block from the busy Capital City Freeway (Business I-80). Capitol Avenue is a major thoroughfare with an annual traffic count of approximately four million cars with easy freeway and parking access; a big improvement over the current site that sees only 50,000 cars per year. The Project location is also adjacent to Sutter Medical Center's new Anderson Lucchetti Women's and Children's Hospital and within the newly formed "Sutter District", a business improvement area. The Sutter District includes a variety of nearby restaurants and shops, which will compliment B Street's programs to the advantage of patrons and the area's economy.
>
> With well over 300,000 residents within a 5-mile radius the population in and around Sacramento's central city grid is strong and growing. The Project location will be highly visible to these urban residents and workers.

	1-Mile Radius	**3-Mile Radius**	**5-Mile Radius**
Residential Population	17,505	129,576	319,989
Daytime Population	73,000	149,450	271,183
Annual Household Income	$40,857	$63,198	***$271,183***
Total Housing Units	11,048	62,818	136,517
Average Age	35	35	34
Count of Businesses	4,330	13,253	24,959

Source: Buxton Customer Analytics, 1, 3, 5 mile radius from 7th & K streets. 2012 estimates.

B Street is the second largest performing arts organization within the City of Sacramento, serving approximately 100,000 children and adults at its current location. B Street's Mainstage Series for adults has run with a 10-year average of 81% of capacity filled, considered extremely high by industry standards. The Project will allow B Street to attract new audiences. B Street will have the capacity to serve 35,000 more children and families through an expanded number of performance as well as classes.

Sacramento is a tremendous market for family-oriented products and services. B Street is the only professional theatre for young audiences in its regional trade area (market area). B Street provided the following research regarding its market area.

> B Street defines its regional trade area as the Sacramento-Arden-Arcade-Roseville Core-Based Statistical Area (CBSA, (formerly, SMSAs, MSAs, CMSAs, etc.) (Exhibit E). This CBSA currently has a population of just over two million

persons. Between 2000 and 2010, this CBSA saw a population increase of 19.6 percent and is forecast to increase by 6.3 percent from 2010 to 2017. A significant percentage of this growth is planned to occur in the central city area.[5] Having a rich offering of community assets and amenities is a key element of keeping the central city vibrant, attractive, and livable.

CBSA market factors indicate support of the Project.

Population Demographics

The median age of the CBSA is 37 with nearly 20 percent of the CBSA population under the age of 14. The average household income is $79,819 and is expected to increase by 14 percent by 2017. Of those 25 years of age and older, 30 percent attained a Bachelor's or Graduate Degree.

	2012	2017 Projections	Percent Change 2012-2017
Total Population	2,188,822	2,327,626	6.3%
Population Density (Pop/Sq Mi)	429.67	456.92	6.3%
Total Households	791,386	839,558	6.1%
Population by Gender			
Male	1,072,618	1,140,868	6.4%
Female	1,116,204	1,186,758	6.3%

The following three demographics factors, age, household income, and educational attainment, can be analyzed to determine market strength for arts and cultural programs and family activities.

Population by Age

The table below shows a median age in the market area of 37 years with a large percentage of residents in the "Baby Boomer" cohort (over one-third). Boomers currently make-up a significant portion of B Street Theatre's patron base, but equally important for B Street is the percentage of children between the ages of 5 and 19. The population in this age range indicates a sizable opportunity for programming to school groups and

[5] Information from the Sacramento Area Council of Governments. www.sacog.org.

families. 21% of residents in the market area are young people; over 450,000 live within B Streets market area.

	2012	%	2017 Projections	%	Percent Change 2012-2017
0 to 4	140,667	6.4%	146,745	6.3%	4.3%
5 to 14	294,686	13.5%	309,980	13.3%	5.2%
15 to 19	158,881	7.3%	162,171	7.0%	2.1%
20 to 24	160,470	7.3%	169,244	7.3%	5.5%
25 to 34	297,001	13.6%	314,414	13.5%	5.9%
35 to 44	282,032	12.9%	297,383	12.8%	5.4%
45 to 54	310,737	14.2%	321,167	13.8%	3.4%
55 to 64	265,384	12.1%	289,678	12.4%	9.2%
65 to 74	152,700	7.0%	180,232	7.7%	18.0%
75 to 84	86,463	4.0%	92,559	4.0%	7.1%
85+	39,801	1.8%	44,053	1.9%	10.7%
Median Age	37		37		

Households by Income

Household incomes in B Street's market area are poised to increase by approximately 15% over the next 5 years. Over 56% of households in the market area have incomes over $50,000 indicating a strong market for moderately priced arts and cultural events.

	2012	% of population	2017 Projections	% of population	Percent Change 2012-2017
$0 - $15,000	81,756	10.3	70,676	8.4%	-13.6
$15,000 - $24,999	76,246	9.6	70,358	8.4%	-7.7
$25,000 -$34,999	76,803	9.7	71,215	8.5%	-7.3
$35,000 - $49,999	109,188	13.8	102,477	12.2%	-6.1
$50,000 - $74,999	147,081	18.6	144,626	17.2%	-1.7
$75,000 - $99,999	104,066	13.2	118,708	14.1%	14.1%
$100,000 - $149,999	121,524	15.4	160,725	19.1%	32.3%
$150,000 +	74,722	9.4	100,773	12.0%	34.9%
Average Hhld Income	$79,819		$91,341		14.4%
Median Hhld Income	$57,941		$68,138		17.6%
Per Capita Income	$29,161		$33,230		14.0%

Educational Attainment

Education levels are often viewed as a primary indicator of participation in the arts. Nearly one million people in the market area have attended college and over 40% of the area's residents have earned degrees.

	2012	% of Population	Percent Change 2012-2017
Grade K-8	54,716	3.8%	6.6%
Grade 9-11	100,555	7.0%	5.3%
High School Graduate	307,497	21.4%	5.3%

Some College, No Degree	385,379	26.9%	6.9%
Associates Degree	133,397	9.3%	8.3%
Bachelor's Degree	278,737	19.4%	9.4%
Graduate Degree	144,225	10.1%	9.6%
No Schooling completed	29,609	2.1%	7.5%
Age 25+ Population	1,434,118		

Source: Buxton Customer Analytics, Sacramento CBSA, 2012 Estimates.

Psychographic Profiles

Psychographics are the attributes that describe the personality, attitudes, beliefs, values, emotions, and opinions of customers, and prospective customers. Demographics describe "who" people are, Psychographics explain "why" they buy (and how to win their attention and motivate them to buy). By creating *Psychographic Profiles*, marketers are able to understand the motivational and non-conscious drives of a target audience.

Using Buxton Analytics (Mosaic), the Downtown Sacramento Partnership determined that 21.66% of the CBSA has a higher than average propensity for live theatre as a choice of entertainment, which accounts for 474,166 residents; 20.88% of the CBSA has a higher than average tendency of having children in the home. One psychographic profile segment, has both a high propensity for live theatre (1.47 times more than average) as well as having the presence of a child in the home (1.13 times more likely than average). This segment makes up 4.27% of the total CBSA population accounting for more than 93,500 residents.

The high presence of "Boomer" and family households that have a higher than average likelihood of attending live theatre indicates a strong market for B Street Theatre's blend of entertainment offerings for both families and adults. B Street already has considerable brand recognition with these household segments in the Sacramento region. The Project will allow B Street to increase its reach into these markets as well as increase the frequency of attendance from current patrons with, which will be in a highly visible location with more patron amenities tailor-made for these kinds of households.

Market Comparison of Ticket Surcharges

B Street conducted a market comparison of surcharges paid in the Sacramento area. The following chart shows that, on average, Sacramento patrons pay over $11 per ticket when ordering by phone and over $16 per ticket online. Fees are generally charged by third-party ticket vendors, but are also charged by the host organization or venue. B Street does not currently have a surcharge on tickets and operates its own proprietary ticketing system. This proprietary ticketing system will continue to be used after B Street moves to the Project.

Ticket Fees	B Street Theatre	California Musical Theatre	Sacramento Ballet	Sacramento Theatre Company	Community Center Theatre	Average
Phone Orders						
Convenience Fee	$0.00	$9.00	$9.00	$7.75	$9.00	
Facility Fee	$7.00	$3.00	$3.00	$3.00	$3.00	
Total Fee	**$7.00**	**$12.00**	**$12.00**	**$10.75**	**$12.00**	**$11.69**
Online Orders						
Third Party Fee	$0.00	$3.50	$3.50	$4.00	$3.50	
Convenience Fee	$0.00	$9.75	$9.75	$9.75	$9.75	
Facility Fee	$7.00	$3.00	$3.00	$3.00	$3.00	
Total Fee	**$7.00**	**$16.25**	**$16.25**	**$16.75**	**$16.25**	**$16.38**
*comparison of fees for one adult ticket						

The chart shows that B Street's proposed $7 Surcharge will be well below the local market.

B Street's Attendance and Surcharge Revenue Forecast

B Street plans to increase its annual attendance at the new building by a substantial amount due to the increased visibility and interest in its programs. However, in forecasting revenue available for debt service B Street used an historical average with only a modest increase. B Street provided the following attendance and surcharge revenue forecast.

The chart below shows how much surcharge revenue will be generated if attendance *only* reached the average level of the past 10-years. Figures do not include attendance of school field trips, which will not pay the surcharge. An allowance has been made for instances in which the Surcharge is not collected. B Street management plans to include the surcharge in the advertised price of its tickets, which means the uncollected allowance will be less than 10%.

Average Attendance Surcharge Calculation

10 Year Avg. Att'ce*		84,424		
Uncollected Rate:		20%	15%	10%
TOTAL Surcharge-paying Att'ce:		67,539	71,761	75,982
	Surcharge:			
	$7	$472,776	$502,324	$531,873
*Does not include School Field Trip attendance				

If attendance grows by just 12% (or +- 10,000) per year, B Street's surcharge revenue will be over $560,000 per year with a 15% uncollected allowance.

Surcharge Revenue Forecast

	12%	Increase over 10-year Avg.		
Uncollected Rate:		20%	15%	10%
TOTAL Surcharge-paying Att'ce:		75,539	80,261	84,982
	Surcharge:			
	$7	$528,776	$561,824	$594,873

In addition to the Surcharge, B Street anticipates that the Project will generate other sources of revenues that could be applied toward debt service. These sources include rent payments from the lease of the restaurant space on the site, assignment of annual cash contributions made by Sutter to B Street, and capital campaign funds raised by B Street. These sources are summarized below.

Restaurant Lease

The theater building includes space for a 3,000 square foot restaurant. B Street intends to lease out the restaurant space and pledge the net lease revenues to the IBank for payment of debt service on the IBank Loan. Commercial real estate brokers were contacted to provide an estimate of the lease rate B Street could expect to receive and was quoted $2.25 per square foot per month (triple net). The restaurant space is anticipated to yield $81,000 per year in net revenues.

Sutter Cash Payments

B Street will assign annual payments it receives from Sutter in the amount of $50,000 per year for ten years for payment of debt service on the IBank Loan.

Capital Campaign Pledges

B Street has had an aggressive fund raising campaign in place for several years**.** As of December 31, 2013, a total of $2.6 million has been pledged to the Project. $650,000 in pledges remains to be collected. Much of the $2.6 million given to the Project has been spent on Project expenses such as architecture, engineering, fundraising, and Project management.

The capital campaign effort is being intensified as construction of the theater approaches and the Sacramento Region's economy improves. The financing plan assumes that an additional one million dollars will be pledged by donors and collected by 2018. Most of the capital campaign pledge money is expected to be collected by the beginning of 2016, during the time the Project is under construction and in the first two years of performances at the Project site. If B Street realizes more pledges than assumed in the financing strategy, the debt could be retired early.

Naming Rights

The Project has several opportunities to generate revenue from sponsors for naming rights. The entire complex, the 250-seat theater, and the main lobby provide the most potential for significant naming rights funding. No estimate for this revenue has been included in the financing strategy at this time, but multiple naming rights proposals have been submitted to prospective donors. The building could be named for a gift of $3 million. Any naming gift could be applied towards the Project by paying and/or reducing debt, or, depending on restrictions imposed by the donor, used for other appropriate purposes in keeping with the intent of the donor

The vision for the B Street Theatre Family Series is modeled after the two most prominent theatres for young audiences in the U.S.: Seattle Children's Theatre and the Minneapolis-based Children's Theatre Company. These organizations produce theatre for young people and families at the highest level and equal to top regional theatre for adults. B Street's leadership believes that with a proper facility this is level of production is achievable and will be totally unique in the region as well as the northern half of the state.

B Street's 7-Year Operating Forecast

B Street Theatre has managed a path of growth over its 28-year history. It has consistently placed program expansion ahead of capacity building and facility/infrastructure expansion. In order to keep administrative and production staff costs as low as possible. B Street has relied on dedicated "utility players" rather than specialists. These are people who can manage and thrive in an environment with several diverse job areas simultaneously. Most of B Street's key staff members have been with the company for five years or more.

B Street's past growth foretells what it may expect in the years leading up to the opening of the Project in 2016. B Street expects to see its budget more than double by the first full year of operations at the new location. Along the way expenses for payroll, marketing, productions, and administration will begin expanding before the building opens and operations gear-up.

Revenue is also forecast to increase, associated with the new theater facilities. This occurs because the facility itself becomes a major news story and community members with past affiliation emerge to once again engage with the institution. The added attraction of a new building also introduces the organization to many households who have had no previous patronage.

B Street forecasts that this "honeymoon" phase will last one to two years and is expected to stabilize in the third year of operations (2019) Base Year. After 2019, B Street's projects its budget to be approximately $4.5 million per year with contributed revenue of $1 million or 21% of total revenues.

Seven-Year Operating Forecast

Revenue	Budget FY 2014	FY 2015	Move to New Bldg Mid-Year FY 2016	First Full Year in New Bldg FY 2017	FY 2018	Base Year FY 2019	FY 2020
Contributed Revenue	540,000	540,000	700,000	800,000	900,000	1,000,000	1,000,000
Family Series	301,000	310,000	500,000	986,000	943,000	857,000	857,000
Mainstage Series	948,500	1,050,000	1,600,000	1,864,000	1,702,000	1,621,000	1,621,000
B3 Series & Special	185,000	160,000	500,000	715,000	701,000	681,000	681,000
School Tour	133,000	135,000	140,000	147,000	155,000	163,200	163,200
All Other Revenue	417,700	300,000	300,000	329,000	314,000	299,000	299,000
TOTAL REVENUES	2,525,200	2,495,000	3,740,000	4,841,000	4,715,000	4,621,200	4,621,200
Expenditures							
Artistic Payroll	986,500	1,000,000	1,200,000	1,421,000	1,298,000	1,236,000	1,236,000
Admin Payroll & Expenses	1,083,350	1,100,000	1,400,000	1,853,000	1,901,000	1,950,000	1,950,000
Production Payroll/Other Expenses	327,900	345,000	700,000	1,232,000	1,176,000	1,120,000	1,120,000
Contingency	n/a	n/a	300,000	237,000	226,000	215,000	215,000
TOTAL EXPENDITURES	2,397,750	2,445,000	3,600,000	4,743,000	4,601,000	4,521,000	4,521,000
Net Income	127,450	50,000	140,000	98,000	114,000	100,200	100,200

Operating Revenues

B Street projects its gross operating budget could grow to approximately $4.5 million over the next several years.

Operating revenues will be generated primarily from ticket sales. Additional revenue will be produced from the conservatory workshops, educational programs, special events and performances, and concessions. These earned revenues are projected at approximately $3.5 million resulting in a projected operating shortfall of approximately$1 million (22%).

Currently, B Street obtains 15% to 18% of its annual operating budget through contributed income. According to Theatre Communications Group (the national trade organization of nonprofit professional theatres) the national average is approximately 50% contributed income. It is anticipated the shortfall will be met with contributions from donations, sponsorships, endowment earnings and grants.

365-Seat Children's Theatre

The following table shows that revenues for the 365-seat theatre are projected at approximately $850,000 in the base year.

Operating Revenue Sources	Total Seating Capacity	Prod's Per Year	Weeks Per Run	Perf's Per Week	Perf's Per Year	Aud. Mix	Att'ce Level	Yearly Att'ce	Annual Paid Att'ce (1)	Avg. Ticket Price	Concessions Per Occupied Seat	Base Year Revenue
Ticket Sales												
School Shows	365	4	4	7	112	n/a	90%	36,792	35,688	$10.00		$356,882
Public Shows		4	4	5	80							
Children	365					40%	80%	9,344	9,064	$18.00		$163,146
Adults	365					60%	80%	14,016	13,596	$23.00		$312,697
										Subtotal Ticket Sales		**$832,726**
								Total				
Concessions								60,152			$0.40	$24,061
Total Family Series Operating Revenue												**$856,800**

The attendance assumptions are based on B Street's market knowledge from current 25-year-old operation, an analysis of market demographics, and from information provided by the Seattle Children' Theatre and other comparable operations.

The ticket prices for children's theatre performances are assumed to be $10.00 for school shows and vary between $18.50 (children) to $25.50 (adults) for public shows. Subscription prices will be slightly less per show and other special discounts will be offered.

The school shows are anticipated to run seven times per week, 28 weeks per year, for a total of 112 performances. The public shows are anticipated to run five times per week, for a total of 80 performances.

On average, approximately three percent of annual attendance at all shows is expected to be provided through various promotions and will have no associated ticket revenue. The concession revenue is assumed to be $0.40 per attendee and the attendance level is assumed to be 80 percent for public shows. A total of four productions per year are anticipated. Based on data from comparable markets, these estimates are very conservative.

250-Seat Theatre

The table below shows the revenues for the 250-seat theatre projected at over $1.6 million in the base year. This theatre will be the new home of B Street's Mainstage Series.

The average ticket prices, sales, production assumptions, attendance level, and number of season subscribers are based on thirteen years of experience in operating the B Street Theatre.

Both the average subscriber ticket price and average single ticket price assume an increase of ten percent over current prices. Average ticket prices vary depending on the type of purchaser (senior, student, regular), and on the show night(s) (weekend versus weeknight). The average subscriber price is $110.00 per season, and the average single ticket price is $26.

The number of subscribers is based on a conservative increase over the current number of subscribers. A total of seven productions per year will be provided in this venue, which is the same production schedule currently used by the B Street Theatre.

The number of shows each year is based on eight shows per week, 42 weeks per year, for a total of 336 shows. The number of single ticket sales is based on the available seating after the subscriber demand is satisfied.

Based on historical trends, the concession revenue is assumed to be $0.85 per attendee and the attendance level is assumed to be 85 percent. The concession revenue is higher than projected for the 365-seat theatre due to the sale of alcohol (the 365-seat space being primarily used for Family Series performances).

250-Seat Theatre Attendance & Revenue

Operating Revenue Sources	Total Seating Capacity	Perf's Per Year [2]	Attn'ce Level	Annual Attn'ce	Annual Paid Attn'ce [3]	Less Subscriber Sold Seats	Single Tickets Sold	Avg Ticket Price [1]	Concessions Per Occ. Seat	Base Year Revenue
		(7/week-42 wks)				*(see above)*				
Single Ticket Revenue	250	336	85%	71,400	69,258	52,500	16,758	$26.00		$435,708
		Number Of Subscribers	Subscriber Sold Seats	Avg. Price Per Sub. [1]						
Subscriber Ticket Revenue		7,500	52,500	$150.00						$1,125,000
						Subtotal Single Ticket and Subscriber Sales				**$1,560,708**
				Total						
Concessions				71,400					$0.85	$60,690
Total B Street Theatre Operating Revenue										**$1,621,400**

B3 Series and Special Engagements

The B3 Series is a four-show series for general audiences. Programming is complimentary to B Street's popular seven-show Mainstage Series. The flexibility of having two theatres will lend itself to extending popular shows that begin in the 250-seat space. When demand warrants additional performances of a hit show, B Street can move the show to the larger theatre to maximize net revenue generation.

The revenues from these additional uses of the facility are conservatively estimated to be over $680,000 annually. 126 such performances are forecast that include special theatrical engagements, live music, dance performances, speaking engagements, film screenings, and other forms of entertainment.

B3 Series and Special Engagements

Operating Revenue Source	Total Seating Capacity	Perf's Per Year	Attn'ce Level	Annual Attn'ce	Annual Ticketed Attn'ce [1]	Ticket Price [2]	Concessions Per Occ. Seat	Base Year Revenue
Ticket Sales								
Public Shows								
Adults	365	120	65%	28,470	27,616	$23.00		$635,166
Extended B St. Shows	365	6	70%	1,533	1,487	$23.00		$34,201
						Subtotal Ticket Sales		**$669,367**
				Total				
Concessions				30,003			$0.40	$12,001
Total								**$681,400**

Facility Rental & Co-Presented Events

The Project is designed to accommodate additional productions as well as third-party events. The two theatres, the outdoor courtyard, and the lobby can be rented out for private functions. B Street projects an additional $190,000 in revenues from such rentals.

Rental rates were set based on analysis of the local market for comparable assembly spaces and a scan of rental rates at similar theatre facilities across the country. B Street's rental rates will range from $1,000 to $2,000. Revenue will also be derived from mark-ups on event labor and use fees. Frequency of rental activity is estimated at once per month per available space.

B Street will also partner with other entities in Sacramento to present or co-present performances of other art forms, with emphasis on music concerts. This approach takes advantage of the uniqueness of the facility in the marketplace and B Street's strong brand recognition to branch-out to offering more diverse programming in other art forms beside theatre. The forecast assumes 30 such events taking place in a normalized year.

Rentals

	# Events/Year	Avg. Rent per event	Avg. net fees per event [1]	TOTAL
Lobby/Courtyard	12	$1,000	$1,000	$24,000
Children's Theatre	12	$2,000	$1,500	$42,000
Thrust Theatre	12	$1,500	$1,200	$32,400
			TOTAL	**$98,400**

[1] Fees include event labor, box office, cleaning, special equipment usage.

Co-Presentations

Operating Revenue Source	Total Seating Capacity	Perf's Per Year	Audience Mix	Attendance Level	Annual Attendance	Annual Ticketed Attendance [1]	Net Ticket Price [2]	Net Concessions Per Occ. Seat	Base Year Revenue
Ticket Sales									
Special Events - Prosc. Theatre									
Adults	365	15	90%	75%	3,696	3,584.76	$15.00		$53,771
Special Events - Thrust Theatre									
Adults	250	15	90%	75%	2,531	2,455	$15.00		$36,830
Subtotal Ticket Sales					***Total***				**$90,601**
					6,227				
Concessions								$0.50	$3,113
Subtotal									**$93,714**
								TOTAL	$192,114

[1] Assumes that on average, 3 percent of tickets are provided at no cost through various promotions.

[2] Ticket price shown is an averate NET per ticket. Net of marketing expenses, artist fees, and extra staffing, split with co-presenter

Studio for Young Actors and Professional Training Conservatory

The Conservatory will train actors via two distinctly different programs: The Studio for Young Actors and the Professional Training Conservatory. The Studio for Young Actors (SYA) will enroll 20 young actors for each session providing workshops on a weekly basis. The Professional Training Program (PTC) will train adult actors to become working professional actors. The PTC will train 20 actors annually; classes on a weekly basis. Projected PTC and SYA annual revenue is $108,000.

B Street Theatre School Tour

Revenues for the School Tour are projected to remain close to current levels at approximately $177,000 for the base year. The information used to develop this estimate is based on over 25 years of experience in operating a touring program for young people.

The School Tour currently serves approximately 450 children at $500 per show. Prices are assumed to remain at current levels after the Project opens.

Operating Expenses

Based on research into comparable facilities and theatre producing organizations, B Street could see its annual operating budget double with the opening of the new building. The larger facility may require more in staff, materials, and services to operate and the size and scope of B Street production will accordingly have to increase in order to fill the large spaces. However, B Street has confirmed to IBank Staff that B Street intends to hold expenses flat and only gradually ramp up the operating expenses if B Street is able to realize sufficient revenue to cover the increase in expenses. B Street has agreed to hold all expenses **flat until B Street has sufficient revenue to support an increase in a specific expense.**

SUTTER HEALTH NETWORK

In April 2013 Moody's Investors Service (Moody's) assigned a Aa3 rating to Sutter Health's $750 million of Series 2013 taxable and tax-exempt revenue bonds (Series 2013 Bonds). Outlook remains stable. In Moody's opinion, it stated that "Sutter's Aa3 revenue bond rating and stable outlook is a function of Sutter's strong presence in northern California, its dominate size, its history of strong cash flow production, and its conservative asset-liability structure." Moody's also identified certain challenges facing Sutter Health: a 25% increase in debt resulting from the Series 2013 Bonds, weaker performance in FY 2012, the expectation of weaker performance in FY 2013 and a capital plan that exceeds $4.5 billion over the next four years. In addition, Moody's points out that Sutter's unrestricted cash and investments are allocated fairly conservatively with approximately 64% invested in cash and fixed income. Attached as Exhibit F is a copy of information from Sutter's 2012 and 2011 990s.[6]

Sutter Health's total income for 2013 was $300 million, compared to $735 million in 2012. The system's total operating revenues were $9.6 billion for 2013 and 2012.[7] Staff concludes that Sutter Health's financial condition support its performance on (i) the payment guarantee to cover the annual principal and interest payments on the IBank Loan in an aggregate amount not to exceed $1,000,000, (ii) the $500,000 ten year grant to B Street, and (iii) the Tri-Party Agreement among B Street, Sutter and IBank documenting Sutter's obligation to reacquire the Property for the benefit of IBank at a price equal to the IBank Loan in the event of a payment default on the IBank Loan.

See Exhibit G Public Comments.

[6] Source: Moody's Investor Service Opinion dated _____, 2013
[7] Source: Sutter's Health 2013 Financial Performance http://www.sutterhealth.org/about/financials/

Staff Recommendation

Staff recommends that the IBank Board approve Resolution No. 14-06 conditionally authorizing IBank ISRF financing to B Street Theatre for the Project as follows:

1. **Applicant/Borrower: Theatre for Children, Inc. dba B Street Theatre**

2. **Project: The B Street Theatre Expansion Project**

3. **Amount of Financing: Not to exceed $8,400,000**

4. **First Loan Maturity: Not to exceed 8 years**

5. **Combined Maturity of First Loan and Second Loan: Not to exceed 30 years**

6. **Repayment/Security:** See Sources of Repayment, Collateral and Other Support Section

7. **First Loan Interest Rate:** 2.06% for an un-rated borrower with a project located in an area where median household income is less than 25% of the Statewide Average and the unemployment rate is greater than 135% of the statewide average.

8. **Second Loan Interest Rate:** 4.15% for an un-rated borrower with a project located in an area where median household income is less than 25% of the Statewide Average and the unemployment rate is greater than 135% of the statewide average.

9. **Reserve:** $1,100,000 Debt Service Reserve Requirement.

10. **Guarantee:** Sutter Health payment guarantee of debt service on the IBank Loan in an amount not to exceed $1,000,000.

11. **Fees:** Financing origination fee of 1.25% of the IBank financing and an annual fee of 0.30% of the outstanding principal balance.

12. **Financial Covenants for First Loan:**

    a. Maintain DSCR of at least 1.5x
    b. Negative pledge
    c. Additional debt prohibited without prior written approval
    d. Quarterly reporting and compliance certificate
    e. Annual audited financials within 150 days of fiscal year
    f. No material litigation or material adverse change in financial condition or operations

13. **Conditions Precedent for First Loan:**

    a. Allocation by one or more CDEs of sufficient NMTC to consummate a NMTC financing.
    b. IBank review and approval of NMTC documentation

c. Funding sources in addition to the IBank Loan and NMTC financing if necessary to fund all hard and soft costs of the Project
d. IBank's prior consent required for draw-downs of funding for construction costs
e. $2,500,000 from the City of Sacramento or other sources acceptable to IBank
f. Successful simultaneous closing of NMTC financing with IBank First Loan
g. Pledge of Surcharge in Lock Box
h. $1,100,000 Debt Service Reserve Fund
i. Sutter Health $1,000,000 guarantee of payment of debt service and IBank Loan
j. Assignment of Sutter $500,000 10 year payments to IBank
k. Capital Campaign Contributions: Pledge of all capital campaign contributions, which are to be deposited in an account, subject to the control of the IBank
l. Assignment of Leverage Loan from NMTC
m. "as-is" appraisal on the Project of at least $5,958,000 and an "as-built" appraisal of at least $16,800,000 in connection with NMTC transaction
n. Tri-party Agreement among B Street, Sutter and IBank (See Sources of Repayment, Collateral and Other Support)
o. No material adverse change in financial condition or operations
p. No material litigation

14. **Not an Unconditional Commitment**: If approved by the IBank Board, the IBank's Resolution shall not be construed as an unconditional commitment to finance the Project, but rather the IBank Board's approval pursuant to the Resolution is conditioned upon entry by the IBank and the Borrower into a definitive financing agreement and related ancillary and collateral documents, in form and substance satisfactory to the IBank and its counsel.

15. **Limited Time**: If approved by the Board, the Board's approval expires 180 days from the date of its adoption. Thus, the Borrower and the I-Bank must execute a financing agreement for the First Loan no later than 180 days from such date. Once the approval has expired, there can be no assurances that the I-Bank will be able to grant the loan to the Borrower or consider extending the approval period.