

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (IBank)

STAFF REPORT

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

Applicant: Fulton-El Camino Recreation and Park District (District)	ISRF Project Type: Infrastructure Projects	ISRF Project Category Type: Parks and Recreation Facilities
Amount Requested: \$600,000 (Financing)	Financing Term: 30 years	Interest Rate: ¹ 4.10%
Source of Repayment: General Fund (Fund)		Fund Rating/Date: None

Leasehold Interest: The Community Center and Pool Complex Buildings of the Cottage Park, located at 3097 Cottage Way, Sacramento, CA

Project Name: Bohemian Park Expansion Project (Project)	Project Location: 2328 Edison Ave., Sacramento, CA 95826
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Project Description / Source and Use of Proceeds:

The Project consists of the construction of a new community center at Bohemian Park. IBank will finance the purchase of real property necessary to construct the community center. The District will use grant funds and self-fund the remainder of the Project.

Use of Financing Proceeds:

The ISRF Program Financing would be used to purchase the Project property, including all closing costs associated with the transaction. The District will pay IBank's \$10,000 minimum origination fee.

Project Uses	Project Sources for Fulton El Camino Park District		
	IBank	Fulton El Camino Park District	Total
Project Uses	\$600,000		\$600,000
Origination Fee		\$10,000	\$10,000
Total	\$600,000	\$10,000	\$610,000

The District will be applying for grant funding to construct the community center once the District has ownership of this property. The specific cost associated with the construction have not been finalized otherwise the cost associated with the construction and grant funds would be shown on the table above.

¹ Interest Rate provided on November 20, 2018

Credit Considerations:

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

Lease Payment and Fund Balance Analysis					
	2013	2014	2015	2016	2017
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$47,026	\$90,061	\$35,308	\$43,193	(\$8,241)
Adjustments Specific to the Transactions					
Onetime Extraordinary Capital Outlay					\$135,000
Total Adjustments					\$135,000
Adjustments to Excess (Deficiency) of Revenues	\$47,026	\$90,061	\$35,308	\$43,193	\$126,759
Proposed ISRF Lease Payment *	\$39,848	\$39,848	\$39,848	\$39,848	\$39,848
Revised Net Change in Funds Balance with ISRF Lease Payment	\$7,178	\$50,213	(\$4,540)	\$3,345	\$86,911

* Calculated at \$600,000 at 4.10% interest rate for 30 years.

Analysis of the historical Lease Payment and Fund Balance over the last five years demonstrates the District has the capacity to service the proposed Financing in four of the five years reviewed. The One-time Extraordinary Capital Outlay cost addback was used in fiscal year (FY) 2017 as the District had various improvements or special projects that are non-recurring expenses.

Support for Staff Recommendations:

1. Statement of Lease Payment and Fund Balance analysis demonstrates the District's ability to service the proposed Financing in four out the five years reviewed.
2. The District's Unassigned Fund balance amounts to 90% of the proposed financing.
3. The District's debt as a percentage of Total Revenue is 1.85%, which is well below the 15% IBank maximum for general fund financings.
4. The District's estimates the useful life of the Project is at least 50 years, which exceeds the 30 year term of the Financing.

Special Terms and Conditions:

Staff is requesting a waiver to the following condition: IBank requires all project funding sources, other than IBank's financing, to be identified at the time of application and committed prior to Financing approval by IBank.

The District plans to apply for grant(s), as they have done in the past, to pay for construction of the Park and a Community Center on this parcel. The District is not able to apply for any grants until it owns the property, which is a condition for applying for a grant. If the District is unable to obtain grant funding for any reason, they will pay for the Park construction with existing reserve funds.

IBank Staff:

Tom Dear

Date of Staff Report:

November 30, 2018

Date of IBank Board Meeting:

December 18, 2018

Resolution Number:

18-22

Staff Recommendation:

Staff recommends approval of Resolution No. 18-22 authorizing ISRF Program Financing not to exceed \$600,000 to Fulton-El Camino Recreation and Park District for the Bohemian Park Expansion Project.

PROJECT DESCRIPTION

The Project is known as the Bohemian Park Expansion Project (Project) and consists of the construction of a new community center (Center) at the Fulton-El Camino Recreation and Park District's (District) Bohemian Park (Park). The District is requesting \$600,000 (Financing) to purchase real property that is adjacent to the Park and will be incorporated into the Park (the Property). The Project property adjoins the Northwest area of the Park (Exhibit 1). The Property is adjacent to two other parcels the District recently purchased. The District will fund the actual construction of the Center with a grant from the California State Parks' Office of Grants and Local Services (the Grant) or other similar agencies. The purchase of this Project property is the final acquisition necessary to obtain the Grant.

The property has an existing vacant structure (four-plex) on it that will be razed. Since the District is removing the structure within the next few years, and the structure is not considered an asset of this purchase, it meets IBank requirement that financings not be used for housing.

If the District is unable to obtain grant funding necessary to raze the structure and construct a new Community Center within a few years, the District will pay for the razing and lay sod creating an extension to the existing Park. The District has approximately \$540,000 in its Unassigned Fund, sufficient to pay for this alternate plan.

Public and Project Benefits

The Project will add additional park land for this economically challenged portion of the District. The Center will eventually employ as many as four full time employees at an average wage of \$15 and hour. The Center will provide much needed classroom space for courses and social services needed for this community. By purchasing this land and converting it to a useful park asset, this will also prevent a land use that is less beneficial to the neighborhood from occurring.

Parks provide a great social benefit to local citizens as well as environmental benefits such as preserving plant and animal habitat, decreasing air pollution, and water filtration. The project will provide low or no-cost recreation for those in the community and encourage exercise. It will also bring people into nature, make outdoor recreation more accessible, and provide safe and attractive places for individuals and families to exercise and play.

DISTRICT OF FULTON-ELCAMINO PARKS AND RECREATION INFORMATION

The District was formed in 1956 to provide land and recreation opportunities for area residents. The District currently has seven separate parks (Exhibit 2) located mainly in the Arden Arcade area of the County of Sacramento.

The District is an independent, Special, Recreation and Park District governed by a five member, elected Board of Directors (Board). Board Members serve four-year terms and candidates must be registered voters of the District. The Board creates policy for the District and employs a General Manager, who is responsible for the management of the operation and maintenance of the parks, its programs, and facilities.

The District was originally funded solely by property tax, however due to the implementation of Proposition 13 in 1978, these taxes were substantially diminished. Subsequently, the District established two additional assessment districts in 1993 and 2000 to fund capital improvements and maintenance operations.

District management has been in place for the last seven years. Prior to being the General Manager (GM) of the District, Mr. Mike Grace was the Superintendent of the same District for five years. Prior to coming to this District, Grace was the GM of the neighboring Arden Manor Recreation and Park District. In addition to his duties with the District Grace is also the newly elected Executive of Sacramento Parks Foundation (Foundation).

This Foundation, formed in 1998 and was created to oversee four Park Districts; 1) Arcade Creek, 2) Arden Manor, 3) Fulton El-Camino, and 4) Mission Oaks – all in the greater Sacramento area. The main goal of the Foundation is to support and provide program opportunities for underprivileged youth and to undertake the construction of a Universally Accessible Playground. Grace has the experience to lead this District through a grant process to receive funding for a Community Center. On average the District has received one grant a year since Grace has been the GM of the District.

Currently the District consists of 80 acres of developed parkland and two undeveloped acres. Facilities and services provided by the District include:

- Swimming Pool at Cottage Park
- Two Community Centers
- Two Lighted and One Non-Lighted Ball Field
- Two Lighted Sand Volleyball Courts
- Playgrounds
- Picnic Facilities
- Park Ranger Program
- Before and After School Programs
- Special Events, Camps and Sports Activities
- Full Maintenance and Building Support Services
- Numerous open play areas
- More than 2000 + trees
- Nature Area with interpretive trail
- Water Spray Park located in Seely Park

The District, in addition to its General Fund, uses multiple other Funds to manage its various needs, such as a Landscape, Lighting Fund and a fund for Maintenance and Improvements. The financial portion of this report will only review the District's General Fund, its revenues and expenditures. The District has three capital leases, two with Ford Motor Credit and one with Provident Nation Corporation Financial. All of these leases are paid through the District's Maintenance & Improvement Fund, therefore these debts were not considered for this transaction. Although these debts are not specific to the Maintenance & Improvement Fund, all of these leases will be retired in one year.

CREDIT ANALYSIS

Source of Financing Repayment

Source of Revenue to Repay Proposed ISRF Program Financing:	General Fund
Outstanding General Fund Bond and Lease Obligations:	None
Type of Audited Financial Documents Reviewed:	<input checked="" type="checkbox"/> Comprehensive Annual Financial Reports (CAFR) <input type="checkbox"/> Basic Financial Statements (F/S) <input type="checkbox"/> Other: _____
Fiscal Year Ends:	June 30
Audit Fiscal Years Reviewed:	2013-2017
The auditor's reports for all years indicate that the financial statements present fairly, in all material respects, the financial position of the District, and that the results of its operations and the cash flows are in conformity with generally accepted accounting principles.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No. [If no, explain]
Adopted Budget(s) Reviewed:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No. [If no, explain]
Budget Year(s) Reviewed:	2018-2019

Comparative Balance Sheet Analysis

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

FULTON EL CAMINO PARK DISTRICT GENERAL FUND BALANCE SHEET										
For Fiscal Year Ending (FYE) June 30	2013		2014		2015		2016		2017	
Source:	Basic Financial Statements	% ⁽¹⁾	Basic Financial Statements	% ⁽¹⁾	Basic Financial Statements	% ⁽¹⁾	Basic Financial Statements	% ⁽¹⁾	Basic Financial Statements	% ⁽¹⁾
Assets										
Cash and Investments										
Cash and Investments	509,951	98.2%	634,956	100.0%	716,991	99.8%	791,924	99.7%	720,527	99.7%
Due from Other Governments	9,186	18%			1,255	0.2%	2,529	0.3%	2,444	0.3%
Total Assets	\$519,137	100.0%	\$634,956	100.0%	\$718,246	100.0%	\$794,453	100.0%	\$722,971	100.0%
Liabilities and Fund Balances										
Claims Payable	22,478	4.3%	25,673	4.0%	32,362	4.5%	108,803	13.7%	70,084	9.7%
Accrued Payroll	57,294	110%	51,118	8.1%	121,366	16.9%	77,939	9.8%	83,417	11.5%
Accrued Liability	216	0.0%	28,955	4.6%						
Total Liabilities	\$79,988	15.4%	\$105,746	16.7%	\$153,728	21.4%	\$186,742	23.5%	\$153,501	21.2%
Total Liabilities and Deferred Inflows of Resources	\$79,988	15.4%	\$105,746	16.7%	\$153,728	21.4%	\$186,742	23.5%	\$153,501	21.2%
Fund Equity										
Restricted	20,957	4.0%	26,551	4.2%	27,918	3.9%	28,188	3.5%	28,188	3.9%
Unassigned	418,192	80.6%	502,659	79.2%	536,600	74.7%	579,523	72.9%	541,282	74.9%
Total Fund Balances	\$439,149	84.6%	\$529,210	83.3%	\$564,518	78.6%	\$607,711	76.5%	\$569,470	78.8%
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$519,137	100.0%	\$634,956	100.0%	\$718,246	100.0%	\$794,453	100.0%	\$722,971	100.0%
Total Liabilities to Total Assets	0.15		0.17		0.21		0.24		0.21	
Total Fund Balance/Total Liabilities	5.49		5.00		3.67		3.25		3.71	

⁽¹⁾ Calculated as a percent of Total Assets.

The line item of Cash and Investments increased 41% in the five years reviewed as the District's tax base increased year over year. Due from Other Governments line item was inconsistent in the first two years reviewed, however in the most current three years this line item has shown stability.

Total Assets increased by over \$200,000 in the five years reviewed. The line item increased every year except for FY 2017, when there was a decline due to several capital improvement projects that used a portion of the cash fund. These one-time capital improvement expenditures included re-fiberglassing the Cottage Park Pool, transforming the Conzelmann Community Center hall into a theater (complete with new lighting, curtains, and sound system), a water conservation demonstration garden, and upgrading the District's computer system with a new server.

The District has three Liabilities and Fund Balance line items. The Claims Payable line item increased from FY 2013 through FY 2016, declining in FY 2017. This line item is indicative of the District's spending activity, as the District worked through its capital improvements, mentioned above - FY 2016 showed the highest balance.

The Accrued Payroll line items showed its highest balance in FY 2015 as the District began to undergo some personnel changes. A few of the District's long serving employees were preparing to retire while replacement employees were hired and trained creating a doubling up on staffing for a short period of time. This line item, for FY 2016, decreased as compared to FY 2015. FY 2016 can be viewed as the District's new baseline as this line item will likely increase year over year as it did in FY 2017.

Unassigned Funds and Total Fund Balance have a similar trajectory, increasing from FY 2013 through FY 2016 then decreasing in FY 2017, which is related to the above mentioned, one-time capital improvement projects. Total Fund Balance increased 29% in the five years reviewed despite the decrease of value in FY 2017.

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

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

GENERAL FUNDS										
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS BALANCES										
For Fiscal Year Ending (FYE) June30	2013	% ⁽¹⁾	2014	% ⁽¹⁾	2015	% ⁽¹⁾	2016	% ⁽¹⁾	2017	% ⁽¹⁾
Source:	Basic Financial Statements		Basic Financial Statements		Basic Financial Statements		Basic Financial Statements		Basic Financial Statements	
% Change Year-over-Year in Total Revenues		N/A		8.90%		-0.98%		-1.08%		13.53%
Revenues										
Property Taxes	\$975,673	56.2%	\$1,057,611	55.5%	\$1,067,311	56.6%	\$1,036,495	55.5%	\$1,143,368	53.0%
Fines, Forfeitures, and Penalties	13,037	0.8%	14,083	0.7%	9,497	0.5%	21,142	1.1%	52,931	2.5%
Charges for Current Services	642,774	37.0%	613,623	32.2%	674,830	35.8%	605,876	32.5%	700,340	32.4%
Intergovernmental Revenues			137,704	7.2%						
Use of Money and Property	51,674	3.0%	44,498	2.3%	52,794	2.8%	56,901	3.0%	64,431	3.0%
Other Revenue	52,911	3.0%	38,067	2.0%	82,653	4.4%	146,534	7.8%	198,010	9.2%
Total Revenues	\$1,736,069	100.0%	\$1,905,586	100.0%	\$1,887,085	100.0%	\$1,866,948	100.0%	\$2,159,080	100.0%
Expenditures										
Current:										
Salaries and Benefits	1,456,941	83.9%	1,463,570	76.8%	1,614,921	85.6%	1,585,661	84.9%	1,770,436	82.0%
Services and Supplies	224,893	13.0%	333,871	17.5%	236,856	12.6%	228,748	12.3%	249,941	11.6%
Capital Outlay	7,209	0.4%	18,084	0.9%			9,346	0.5%	146,944	6.8%
Total Expenditures	\$1,689,043	97.3%	\$1,815,525	95.3%	\$1,851,777	98.1%	\$1,823,755	97.7%	\$2,167,321	100.4%
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$47,026	2.7%	\$90,061	4.7%	\$35,308	1.9%	\$43,193	2.3%	(\$8,241)	-0.4%
Net Change in Fund Balance	\$47,026		\$90,061		\$35,308		\$43,193		(\$8,241)	
Fund Balance, Beginning of Year	392,123		\$439,149		\$529,210		\$564,518		\$607,711	
Fund Balance, End of Year	\$439,149		\$529,210		\$564,518		\$607,711		\$599,470	

⁽¹⁾ Calculated as a percent of Total Revenues

The District lists five consistent sources of revenue, the largest being Taxes (property only), which accounts for approximately 53% of all revenues received when reviewing FY 2017. The Taxes line item, with the exception of FY 2016, increased by 17% over the five years reviewed. The single decline in Taxes revenue is due to the claw-back of \$67,000 from Redevelopment Agency (RDA) Disillusion Pass Through apportionment. The line item of Fine, Forfeitures and Penalties also declined in FY 2016; this decline is based on a temporary staff reduction in Park Police, which resulted in fewer fines being issued.

Charges for Services, also declined in FY 2016 while, Other Revenue, increased in that same FY. The decline in Charges for Services is due to lack of the public taking advantage of the full range of services the District offers. However, park use appears to be consistent, as the District only shows a decline of \$5K in total park services FY 2016 from the previous FY.

The District has three expenditure line items, the largest is Salary and Benefits. This line item grew year over year with the exception of FY 2016, as the amount of services booked were lower, the District did not need to staff as many activities. The previously mentioned employee turnover also influenced this area as newer employee's wages were lower compared to the recent retired employees.

The Service and Supply line item, was mostly flat and decreased in value in FY 2016, which corresponded with the decrease in services booked. Capital Outlay was mostly consistent in the first four years, while FY 2017 shows a balance of approximately \$147K, an increase of about \$137K from the previous year. This increase in value is attributed to the previously mentioned various one-time capital improvement projects that started in FY 2016 and finalized in FY 2017.

Net Change in Fund Balance, increased in every year reviewed except FY 2017. The reason for the 2017 decline in balance is due to the one-time expenditure of capital improvements at various District properties. Fund Balance increased by 36% from FY 2013 through FY 2017. The increase in Fund Balance is due to the growth in District's tax base and controlling of its spending.

Statement of Lease Payment and Fund Balance:

Lease Payment and Fund Balance Analysis					
	2013	2014	2015	2016	2017
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$47,026	\$90,061	\$35,308	\$43,193	(\$8,241)
Adjustments Specific to the Transactions					
Onetime Extraordinary Capital Outlay					\$135,000
Total Adjustments					\$135,000
Adjustments to Excess (Deficiency) of Revenues	\$47,026	\$90,061	\$35,308	\$43,193	\$126,759
Proposed ISRF Lease Payment *	\$39,848	\$39,848	\$39,848	\$39,848	\$39,848
Revised Net Change in Funds Balance with ISRF Lease Payment	\$7,178	\$50,213	(\$4,540)	\$3,345	\$86,911

* Calculated at \$600,000 at 4.10% interest rate for 30 years.

Analysis of the historical Lease Payment and Fund Balance over the last five years demonstrates the District has the capacity to service the proposed Financing. The One-time Extraordinary Capital Outlay cost addback was used in fiscal year 2017, as these various improvements or special projects are viewed as non-recurring expenses.

Budget

The District adopts an annual appropriated budget for its General Fund. In FY 2013 the District realized approximately \$5K more in Taxes and \$13K for Fines, Forfeitures, and Penalties than anticipated, however the other revenue sources did not meet expectations. Three of the other four revenues sources underperformed by a total of \$260K; most notable was a planned transfer of \$180K listed in Intergovernmental that did not occur.

Taxes and Other Revenue performed better than planned in FY 2014, each by nearly \$40K. The District's other revenue sources underperformed to plan by nearly \$120K. Charges for, Current Service, was overstated by nearly \$108K, as the District usually budgets for full use of its facilities. The line item of Use of Money and Property underperformed by \$26K due to lower than anticipated earnings of the District's various investments.

In FY 2015, Taxes were overstated by nearly \$53K, partially due to a smaller RDA Disillusion Pass-Through appropriation than anticipated. Charges for Current Service, performed better than previous years, yet still underperformed by about \$26K of the plan. Use of Money and Property also fell short of the plan by about \$14K.

The District fell short of its Tax plan in FY 2016, primarily due to the previously mentioned claw back of approximately \$67K of a RDA Disillusion Pass-Through appropriation. The District also overestimated the Charges for Current Service, however all other revenue sources over performed the plan. In FY 2017, revenue from Taxes increased nearly \$125K from the previous year, but fell short of the plan by about \$25K, and Charges for Current Service underperformed, as the District plans for full use of its resources. The following table illustrates that actual revenues under performed the District's expectations in all five years reviewed.

Revenues Budget				
Year	Original	Final	Actual	Difference between Final and Actual
2013	\$1,981,063	\$1,981,063	\$1,736,069	(\$244,994)
2014	\$1,891,305	\$1,948,024	\$1,905,586	(\$42,438)
2015	\$1,986,815	\$1,967,299	\$1,887,085	(\$80,214)
2016	\$2,085,693	\$2,045,835	\$1,866,948	(\$178,887)
2017	\$2,198,240	\$2,233,856	\$2,159,080	(\$74,776)

The table below indicates the District controls spending by deferring some spending decisions towards the end of the fiscal year; deferring ensures the District is fully informed and has met other immediate obligations prior to proceeding with projects. In all years reviewed the District spent less than planned, indicating the District adjust spending when certain revenue stream begin to fall short of expectations.

Expenses Budget				
Year	Original	Final	Actual	Difference between Final and Actual
2013	\$1,967,204	\$1,967,204	\$1,689,043	(\$278,161)
2014	\$1,868,175	\$1,922,470	\$1,815,525	(\$106,945)
2015	\$1,970,440	\$1,966,354	\$1,851,777	(\$114,577)
2016	\$1,894,341	\$2,019,876	\$1,823,755	(\$196,121)
2017	\$2,207,079	\$2,304,178	\$2,167,321	(\$136,857)

Pension Plan

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS).

The District's Plan funded status has improved, as compared to FY 2016; its funded ratio improved from 73.8% to 74.6% in FY 2017. The dollar amount of the Unfunded Accrued Liability (UAL) as of June 30, 2017 is \$1,782,175.

Analysis of the Proposed Leased Assets

The District proposes to finance the Project under a lease/lease-back financing agreement. To determine the value of the Leased Assets, IBank used the Leased Assets' square footage (SF) and used an average SF value of commercial property currently for sale in the immediate area. The Leased Assets have a life expectancy of 30 years or greater, which is equal to, or greater than, the lease term.

The District proposes the subject of the lease to be the unencumbered assets identified as The Community Center and Pool Complex Buildings of Cottage Park, located at 3097 Cottage Way, Sacramento.

By using the price per SF, the total value identified for the Leased Assets are approximately \$717,500, or 120% of the value of the Financing.

Name of Asset	Year Built	Building Size (square feet)	Type of Construction	Estimate of Value
Cottage Park Community Center Building	1965	3,843	Wood Frame	\$544,629
Cottage Park Pool Complex Building	1965	1,220	Concrete and Fiberglass	\$172,898
Total Value				\$717,528
Lease Amount				\$600,000
Value-to-Lease				1.20

Staff reviewed the Preliminary Report (Prelim) for the Leased Assets. The Prelim reflects a fee simple Title held by the District. It reflects standard encumbrances for property taxes, supplemental taxes, water rights, and easements for utility purposes. All exceptions are customary, reasonable, and acceptable to IBank.

Staff completed a rental analysis for commercial properties in the District's region and found the average contract monthly lease price to be \$15.12 per SF. IBank adjusted the price per SF downward for the special use of the buildings, the high maintenance cost, the age, and condition of the Leased Assets. Based on these adjustments, IBank has identified the annual economic rental value range as \$40,000 as the low and \$42,000 as the high, which is roughly equivalent to the annual IBank lease payment for the Leased Assets.

Risk Assessment

Primary risks of the proposed ISRF Program financing are as follows:

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

Mitigation Factors

1. The Borrower will obtain title insurance for IBank's benefit and will covenant against permitting additional encumbrances against the Leased Assets.
2. The Borrower will covenant to annually budget and appropriate lease payments.
3. Lease payments from the General Fund provide a broad source of funds and greater flexibility to the Borrower to meet the required Lease obligations.

4. The Borrower will covenant to procure rental interruption insurance for each of the Leased Assets in the event of loss of use (abatement), such insurance would cover abated lease payments for a period of at least six months beyond the period required to rebuild the Leased Assets.

Compliance with IBank Criteria, Priorities, and Guidelines

The application and the proposed financing are in accordance with the IBank Criteria, Priorities and Guidelines (ISRF Criteria) with one exception. Staff is requesting a waiver to the following ISRF Criterion: IBank requires all project funding sources, other than IBank's financing, to be identified at the time of application and committed prior to financing approval by IBank.

The District plans to apply for various grants to pay for razing the existing structure and construct a Community Center on this parcel (and the two recently acquired parcels). The District is not able to apply for any grants until the District owns the property. If the District is unable to obtain a grant for any reason, the District will pay for the razing of the structure and lay sod making it a functional extension of the Bohemian Park.

- The total General Fund obligation (inclusive of the Financing) is less than 15% of the District's Total Revenues for FY 2017.
- The Leased Assets are the Community Center and Pool Complex Buildings of the District's Cottage Park, and these buildings are acceptable to IBank.
- The source and the diversity of the Fund appear to adequately cover existing expenditures, financing obligations, and the proposed IBank Lease payments.
- The useful life of the Project exceeds the 30 year term financing.

STAFF RECOMMENDATION

Staff recommends approval of Resolution No. 18-22 authorizing ISRF Program financing to the Fulton-El Camino Recreation and Park District Infrastructure Improvement Project for the Bohemian Park Expansion Project as follows:

1. **Applicant/Borrower:** Fulton-El Camino Recreation and Park District (District)
2. **Project:** Bohemian Park Expansion Project (Project)
3. **Amount of ISRF Program financing:** \$600,000
4. **Maturity:** Not to exceed 30 years
5. **Repayment/Leased Asset:** General Fund Lease provides IBank with a leasehold interest on the Community Center and Pool Complex Buildings of the District's Cottage Park (Leased Assets).
6. **Interest Rate:** 4.10%
7. **Fees:** The District to pay the minimum origination fee of \$10,000 upon loan closing, and an annual fee of 0.30% of the outstanding balance.
8. **Not an Unconditional Commitment:** IBank's resolution shall not be construed as unconditional commitment to finance the Project, but rather IBank's approval pursuant to the resolution is conditioned upon entry by IBank and the Borrower into an ISRF Program financing agreement(s), in form and substance satisfactory to IBank.
9. **Limited Time:** The Board's approval expires 120 days from the date of its adoption. Thus, the District and IBank must enter into the ISRF Program financing agreement(s) no later than 120 days from such date. Once the approval has expired, there can be no assurances that IBank will be able to provide the ISRF Program financing or consider extending the approval period.
10. **ISRF Program Financing Agreement Covenants:** Aside from usual and customary terms and conditions for this type of ISRF Program financing, Staff recommends IBank's ISRF Program financing agreement(s) includes without limitation, the following additional conditions and covenants of the District:
 - a. Comply with all applicable requirements of ISRF Program Criteria, as well as all applicable laws, regulations and permitting requirements associated with public works projects.
 - b. Budget and appropriate funds sufficient to make annual Lease payments.
 - c. Procure and maintain rental interruption insurance for a period of at least six months beyond the time needed to reconstruct the Leased Assets.
 - d. Not encumber further the Leased Assets.
 - e. Provide to IBank, within 180 days of the end of each fiscal year, a copy of its audited financial statements, together with an annual certificate demonstrating compliance with the foregoing covenants, as well as other information as IBank may request from time to time.

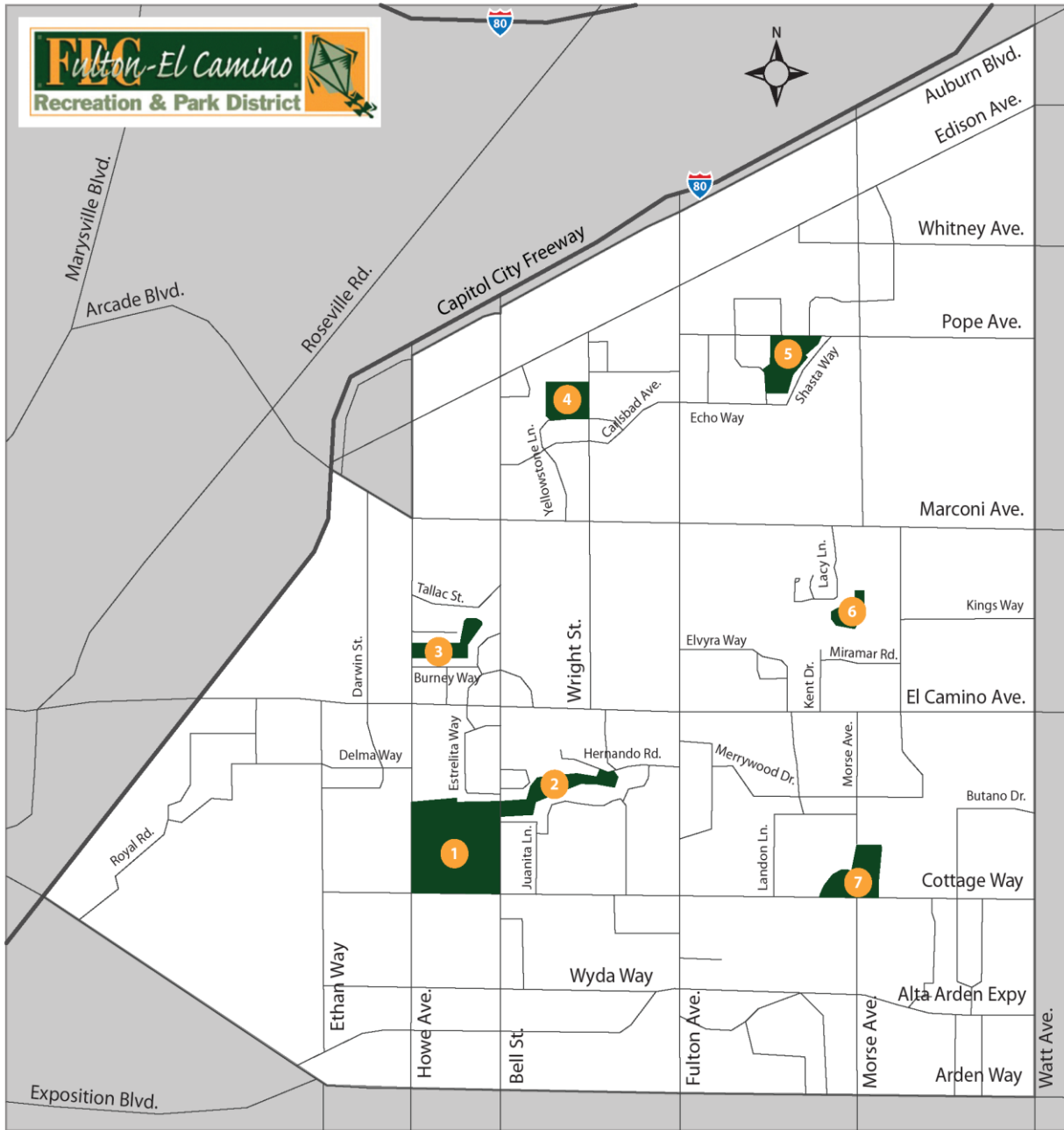
Exhibit 1 – Location of Bohemian Park and 2328 Edison Ave



Source: Google Maps

Exhibit 2 –Fulton El Camino Park Locations

The Fulton El-Camino Recreation and Park District Map



The Fulton-El Camino Recreation and Park District Facilities Matrix	Average Div/dpt. by FEERPD	Wheelchair Accessible	Ballfield with Backstop	Basketball Court	Children's Play Equipment	Soccer Field (Seasonal)	Tennis Courts	Volleyball Courts	Dog Park	Open Play Area	Nature Area	Off Street Parking	BBQs	Benches	Community Center	Picnic Table Areas	Restrooms in Park	Shade Shelters	Reservable Picnic Areas	Natural Water Feature	Splash Park	Swimming Pool	Disc Golf	
PARKS																								
1. Howe Park 2201 Cottage Way	38.00	●	●		●	●	●	●	●	●		●	●	●	●	●	●	●	●	●				
2. Santa Anita 2500 Bell Street	7.70	●			●																			●
3. Bellview 2600 Howe Avenue	4.30	●		●	●																			
4. Bohemian 2131 Wright Street and Yellowstone Lane	8.20	●			●																			
5. Seely 2600 Howe Avenue	5.20	●		●	●																●			
6. Creekside Nature Area 2641 Kent Drive	1.90	●									●													
7. Cottage 2077 Cottage Way	7.50	●			●							●		●	●	●	●	●	●	●		●		

Source: District's Website

Exhibit 3 – Cottage Park



Source: Google Maps