

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

STAFF REPORT

EXECUTIVE SUMMARY

Applicant:	Ocean Park Community Center (OPCC or the Borrower)	Par Amount Requested:	Not to exceed \$5,500,000
Applicant Description:	OPCC is a non-profit public benefit organization based in Santa Monica, California. The goals of OPCC are to help people rebuild their lives through a wide range of programs including for domestic violence, homelessness, substance abuse and wellness.		
Type of Financing:	The Borrower requests issuance of \$5,500,000 in conduit Tax-exempt Fixed Rate Obligations (Obligations).		
Project Description:	The purpose of the project is to: refund the Borrower's prior short term taxable debts (Prior Debt), and pay the costs of issuance (Project).		
Project Sites:	The facilities financed with the proceeds of the Borrower's Prior Debt are located at: (1) 2116 Arlington Avenue, Los Angeles, California 90018; (2) 1447-1453 16th Street, Santa Monica, California 90404 (all in County of Los Angeles).		
Plan of Finance:	iBank will issue up to \$5,500,000 in Conduit Tax-exempt Obligations through private placement to First Republic Bank (Lender). The proceeds of the Obligations will be used to (i) refinance the cost of the acquisition, construction, development, renovation, equipping and furnishing of the Borrower's facilities that provide services to homeless individuals, victims of domestic violence, at-risk youth, indigent Veterans, and people dealing with severe physical or mental illness, or substance abuse, located at the above mentioned sites, and (ii) pay certain costs of issuance.		
Type of Issue:	Private Placement		
Tax Status:	Tax-exempt		
Term:	30 years		
Credit Enhancement:	Unrated		
Credit Rating:	Not applicable		
Fees:	Application Fee \$1,500; Issuance Fee \$13,750; Annual Fee \$500 per year		
Estimated Sources of Funds:		Estimated Uses of Funds:	
Tax-exempt Obligations Par Amount	\$5,500,000.00	Refund Prior debt	\$5,192,819.43
		Loan fee	\$16,500.00
		Cost of Issuance fee	\$290,680.57
TOTAL SOURCES	\$5,500,000.00	TOTAL USES	\$5,500,000.00
Financing Team:			
Bond Counsel:	Kutak Rock LLP		
Private Placement Purchaser:	First Republic Bank		
Municipal Financial Advisor:	Growth Capital Associates, Inc.		
Public Benefits:	The long-term tax-exempt fixed rate obligations will replace prior outstanding short term taxable obligations (variable and fixed rate) resulting in an annual debt service reduction of \$68,665 with estimated present value saving of about \$1.1 million. These savings will provide greater budget stability, and will enable OPCC to continue to provide essential services according to its mission. OPCC supports 1,500 unduplicated homeless individuals and 2,500 unduplicated victims of domestic violence annually. OPCC currently employs 150 staff.		
Date of Board Meeting:	Resolution Number:	Prepared by:	
April 25, 2017	17-08	Steven Wright on 3/24/2017	

Staff Recommendation: Staff recommends approval of Resolution No. 17-08 authorizing the issuance of Conduit, Tax-exempt Fixed Rate Obligations not to exceed \$5,500,000 for the benefit of Ocean Park Community Center.

BACKGROUND AND HISTORY

Ocean Park Community Center (OPCC or Borrower) is a non-profit public benefit organization based in Santa Monica, California. Their mission is to help people rebuild their lives through a wide range of programs including for domestic violence, homelessness, substance abuse and wellness. OPCC is the largest social services agency on the Westside of Los Angeles and is the city's second oldest continually operating domestic violence shelter. OPCC's programs are designed to remove barriers and provide opportunities for the economically and socially disenfranchised and make the resources accessible to individuals needs to ensure their survival and improve their quality of life.

Founded in 1963, OPCC serves the abused, low-income families, the mentally ill, and the homeless, both young and old. OPCC is funded by contributions from private organizations, individual donations, and government grants. The government grants are administered by the City of Santa Monica, the County of Los Angeles, the State of California, and the Federal Government. OPCC received a grant of \$15,000 from Blue Shield of California Foundation on 2015.

OPCC offers seven core services that provide support in the areas of temporary shelter assistance, domestic violence, physical health, mental health, life skills/wellness, income services and substance abuse.

OPCC Services

Temporary Shelter Assistance– helps individuals by providing interim, and emergency shelter that fits their specific needs and by providing assistance with permanent housing placement. This program is especially important to the homeless individuals with less acute needs who may have become homeless more recently.

Medical Care – provides onsite, mobile, and in-home medical care so that individuals are able to maintain a healthy lifestyle. This program includes primary care services offered by Venice Family Clinic; a Wellness Program that teaches healthy behaviors and provides beds for chronically ill homeless individuals; and a Nursing Care Program for individuals that may need assistance with day to day activities.

Mental Health Care – provides assessment, clinical case management, individual and group therapy, crisis intervention, evaluation for hospitalization, therapeutic treatment plans, and psychiatry services. Acknowledging the link between homelessness and mental illness, OPCC has integrated mental health care in all its programs and services.

Domestic Violence – provides shelter for victims of domestic violence, for adults and children. The program is run by Sojourn who administers the Westside Domestic Violence Network. Sojourn has begun strategic planning for a new program to council men with a history of domestic violence.

Substance Addiction Treatment – provides group therapy and workshops for clients to help manage and overcome substance abuse. The program also provides a range of life skills to help maintain a healthy and productive lifestyle.

Income Services – assist individuals in an effort to help increase their income and become self-sufficient. This program helps individuals apply for any benefits to which they are entitled.

Life Skills – a program designed to teach individuals the skills they need to sustain their stability and well-being after they complete OPPC’s programs.

The California Secretary of State reports active status for the Borrower. Current leadership is listed in Appendix A.

PROJECT DESCRIPTION

OPCC is requesting the issuance of conduit tax-exempt obligations (Obligations) with the par amount not to exceed \$5,500,000 to: (i) refinance the cost of the acquisition, construction, development, renovation, equipping and furnishing of the Borrower’s facilities that provide services to homeless individuals, victims of domestic violence, at-risk youth, indigent Veterans, and people dealing with severe physical or mental illness or substance abuse located at: (1) 2116 Arlington Avenue, Los Angeles, California and (2) 1447-1453 16th Street, Santa Monica, California; and (ii) pay certain costs of issuance in connection with the Transaction.

OPCC plans to move its headquarter from 1453 16th Street to 2116 Arlington Avenue. This relocation will allow OPCC’s esteemed guests, volunteers, and members of the general public, to park for free while attending board meetings, volunteer trainings, and fundraisers, with the 121 space parking lot.

The Borrower has an outstanding balance of approximately \$5,192,819.42 in taxable debt (Prior Debt) as of March 21, 2017. OPCC’s prior debt is held by First Republic Bank and will refund the following loan(s):

Prior Debt	Issue Date	Loan Amount	Outstanding Loan Amount	Interest Rate	Maturity Date	Purpose
Arlington Avenue Loan	2/13/2017	\$3,850,000	\$3,850,000	Variable (Currently 4.5%)	5/13/2017	To acquire Arlington Avenue property.
16th Street Loan	2/13/2017	\$1,500,000	\$1,342,819.43	Fixed, 3.85%	2/01/2023	Refinance debt.

The Project is comprised of the following properties:

The Arlington property contains two buildings or “Chateaus” of approximately 32,082 sq. ft. located on about 1.1 acres near downtown Los Angeles. Chateau I is occupied by OPCC as its new headquarters. The majority of the Chateau II is leased by 1736 Family Crisis Center who also provide social services. The smaller portion of Chateau II is leased to unrelated businesses.

- 1) Arlington Property:**
 2116 Arlington Avenue
 Los Angeles
 County of Los Angeles
 California 90018

The 16th Street Property includes several buildings with two address in central Santa Monica. The buildings at 1447 provide interim emergency shelter for 55 individuals who receive support

and assistance from OPCC. The building at 1453 houses administrative offices and meeting rooms.

2) 16th Street Property:
1447-1453 16th Street
Santa Monica
County of Los Angeles
California 90404

OPCC owns all properties listed above.

(see Appendix B--Project Photos).

FINANCING STRUCTURE

IBank Term Sheet Ocean Park Community Center Date: April 25, 2017

Par Amount:	Not to exceed \$5,500,000; Tax-exempt obligations.
Type of Offering:	Private Placement
Lender:	First Republic Bank
Credit Enhancement:	None
Expected Credit Rating:	None
Interest*:	Fixed rate not to exceed 4.15%.
Maturity:	May 1, 2047.
Collateral:	Borrower's real property.
Expected Closing Date*:	May 4, 2017
Conduit Transaction:	The Obligations are special, limited obligations payable solely from payments made by the Borrower under the Transaction Documents and IBank shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of IBank for all or any portion of payment to be made pursuant to the Obligations.

*Please note that Interest Rate and Closing Date are subject to change.

Financing Structure

The Obligations will be secured by the Loan Agreement, First Deed of Trust, and UCC-1 filing. The Debt service on the Obligations will be paid on monthly basis, commencing on June 1, 2017. The Obligations will bear interest at a fixed rate of 4.15% per annum. OPCC may choose to prepay the Obligations; however, a certain prepayment premium will apply for prepayments scheduled on or prior to May 1, 2022. The Obligations may be transferred, assigned and reassigned in whole, but not in part.

Limited Obligations of IBank

Neither IBank; nor any of the members of its Board of Directors; nor any of its officers or employees; nor any person executing the transaction documents on behalf of IBank shall be personally liable for the Obligations or subject to any personal liability or accountability by reason of the execution thereof. The Obligations are limited obligations of IBank and are not a pledge of the faith and credit of IBank or the State of California or any of its political subdivisions.

PUBLIC BENEFITS

For 50 years OPCC has operated as an independent, community oriented, organization. OPCC provides various services including housing, medical care, mental health care, domestic violence services, substance addiction treatment, income services, life skills, and services to veterans. OPCC provides these services through implementation of various projects including:

Annenberg Access Center - The main entry point to receive services. Provides full range of services including meals, clothing, and mail and phone services;

Daybreak – An interim shelter and day program for homeless women with mental illness; provides 20 semi-private bed areas and 10 emergency bed areas. It also provides classes.

Integrated Mobile Health Team – A traveling team of psychiatrists, mental health professionals, substance abuse experts, physician assistants and case managers who visit the needy individuals in the streets. This traveling team was established to overcome the distrust that some homeless may have developed for intuitional service providers.

K9 Connection – An experience-based program to educate and inspire at-risk teens. Teens learn to train homeless shelter dogs and bond with them.

Night Light – For homeless, transitional age youth, ages 18 – 24 who cannot be considered a “child” but still need a certain level of guidance and support.

Safe Haven - An interim housing and day program serving chronically homeless individuals with a history of challenges connecting with service providers.

Samoshel (SANTA MONICA SHELTER) – An interim shelter that provides a broad range of services to 70 men and women with acute or chronic medical conditions, in separate living quarters. It provides shelter for clients with special challenges.

Sojourn – Founded in 1977, is the second domestic violence shelter to open in California. It provides about 3,500 cumulative nights of shelter to individuals every year.

Shwashlock (SHOWERS, WASHERS and LOCKERS) – Provides the basic, invaluable part of daily living, showers, washers and lockers.

Turning Point – Provides interim shelter for 55 men and women including case management and mental health care, medical care, and assistance for opportunities to increase income and live independently.

The refinancing of the loans held by First Republic Bank will allow OPCC to continue to provide essential services to about 1,500 unduplicated homeless individuals and 2,500 unduplicated victims of domestic violence annually. Over the past three years, OPCC has placed 996 people in permanent housing and about 95% of them remain housed.

Refunding of the taxable loans

The refinancing of the taxable loans is expected to provide OPCC a reduction of about \$68,665 in annual debt service. Also, OPCC will enjoy present value savings of approximately \$1.1 million of the annual savings.

The lower, long-term fixed payments associated with the new tax-exempt loan provided OPCC the following benefits:

16th Street Property - The fixed long-term annual debt will allow for budget stability and better use of financial resources to maintain and possibly increase services to clients.

Arlington Property - The fixed long-term annual debt on this facility will allow for the consolidation and expansion of administrative and management operations, freeing up space at OPCC's 16th Street Property to accommodate services and programming support.

OTHER PROJECT DATA

PERMITS AND APPROVAL	
Required?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, Describe: All approvals have been obtained.
TEFRA	
Date of TEFRA Publication:	April 5, 2017
Publications:	<i>Metropolitan News-Enterprise, Santa Monica Daily Press and The Daily Recorder</i>
Date of TEFRA Hearing:	April 19, 2017
Oral/Written Comments:	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Explain:
ELIGIBILITY REVIEW	
Applicant meets all of the IBank eligibility criteria? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	<ol style="list-style-type: none"> 1. Project is in the State of California. 2. The Borrower is capable of meeting the obligations incurred under relevant agreements. 3. Payments to be made by the Borrower to IBank under the proposed financing agreements are adequate to pay the current expenses of the IBank in connection with the financing and to make all the scheduled payments. See Appendix C for Financial Statements. 4. The proposed financing is appropriate for the Project.
INDUCEMENT CERTIFICATE	
Completed?	<input type="checkbox"/> NO <input type="checkbox"/> YES Certificate No.: <input checked="" type="checkbox"/> N/A Date:

RECOMMENDATION

Staff recommends approval of Resolution No. 17-08 authorizing the issuance of Conduit Tax-exempt Fixed Rate Obligations in an aggregate amount not to exceed \$5,500,000, for the benefit of the Ocean Park Community Center.

APPENDIX A: GOVERNANCE AND MANAGEMENT

BOARD OF DIRECTORS

Charles F. Adams	Managing Director Goldman, Sachs & Co. Los Angeles, CA
Thomas N. Mahoney, CFA, CAIA	Senior Vice President Investments Private Wealth Advisor UBS Los Angeles, CA
Rae W. Archibald Retired	Chief Financial Officer RAND Corp. Santa Monica, CA
Richard T. Peters, Esq.	Retired Partner Sidley Austin LLP Los Angeles, CA
Jonathan M. Brenner, Esq	(Secretary) Partner Sidley Austin LLP Los Angeles, CA
Gary A. Richwald, MD, MPH	Public Health and Communicable Disease Consultant Santa Monica, CA
Greg Germann	Actor Santa Monica, CA
Stephen E. Scherer, Esq.	Attorney/ Financial Advisor Scherer & Bradford Los Angeles, CA
Julie Guest	Chair Community Volunteer Santa Monica, CA
Charles F. Smith	Charles F. Smith & Company, Inc Business Consultant Santa Monica, CA
Stephen Gunther	Principal New Urban West LA Santa Monica, CA
Charles W. Smith	Executive Director George Hoag Family Foundation Santa Monica, CA
Steaven K. Jones	Chairman Steaven Jones Development Co., Inc. Los Angeles, CA
Brian Temple	CEO The Temple Companies Santa Monica, CA
Diane Wilson	Senior Vice President HSBC Private Bank Santa Monica, CA
Bart Zitnitsky	Managing Director First Republic Investment Management Santa Monica, CA
Leslye S. Goldberg	Development Consultant Santa Monica, CA
Richard G. Hirsch, Esq.	Nasatir, Hirsch, Podberesky & Khero A prof. Law Corp. Santa Monica, CA
Sarah Jessup	Financial Consultant Santa Monica, CA

Executive Staff	
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John Maceri	Executive Director
Jeff Rennell	Finance Director
Christina Miller, Ph.D.	Associate Director
Dino Ferrare	Director of Human Resources
Patricia Lopez	Director of Administration
Donna Miller	Director of Operations
Rafe Pery	Consulting Finance Director
Kait Peters	Development Director

Note Regarding Ocean Park Community Center (OPCC) Board Member

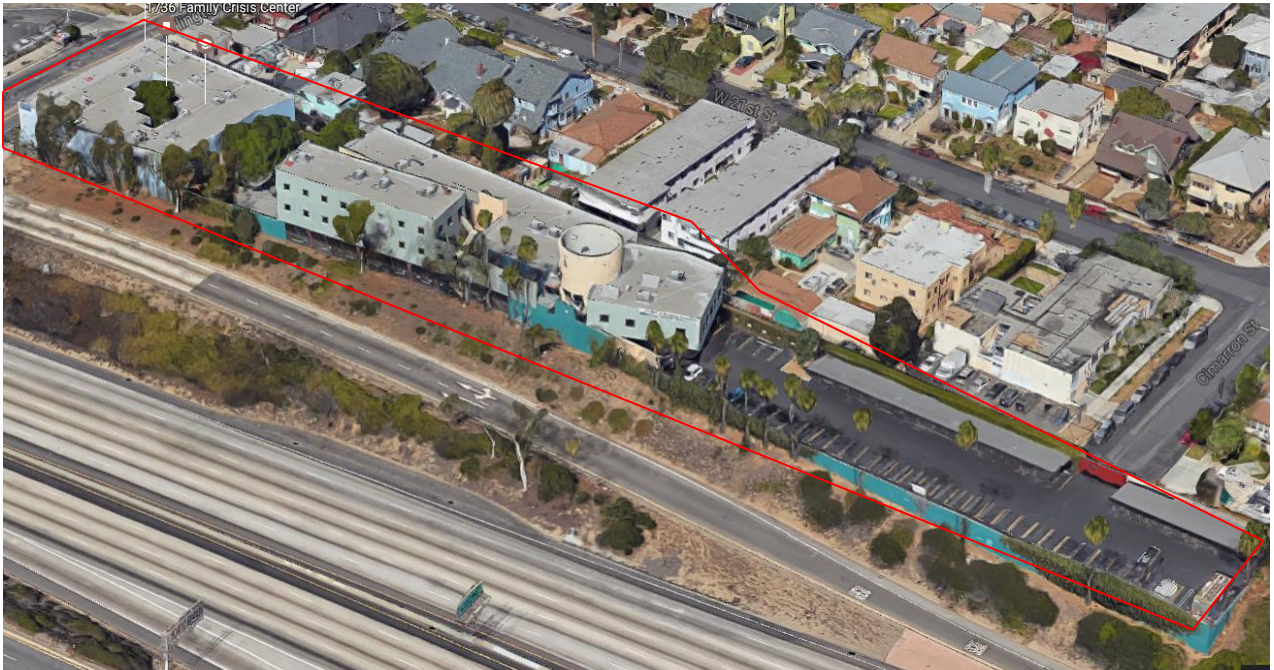
The OPCC's Bond Counsel confirmed that the following OPCC Board Member recused himself from attending the Board of Directors meeting on April 20, 2017 and did not participate in the vote on the OPCC's 2017 Obligations:

Bart Zitnitsky

**Managing Director
First Republic Investment Management
Santa Monica, CA**

APPENDIX B: PROJECT PHOTOS

Arlington Ave Property



Chateau I



Chateau II

APPENDIX B: PROJECT PHOTOS

16 Street Properties



1447 16th Street



1453 16th Street

APPENDIX C: FINANCIAL STATEMENTS 2014 – 2016

Financial Statements will be emailed to the IBank Board of Directors.