

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

STAFF REPORT

EXECUTIVE SUMMARY

Applicant:	Young Men’s Christian Association of San Francisco (“Borrower” or “YMCA of SF ”)	Par Amount Requested:	Not to exceed \$20,360,000
Applicant Description:	The YMCA of SF is a California nonprofit public benefit corporation organized as a membership association of men, women and children of all ages, abilities, incomes, races and religions serving the residents of San Francisco, San Mateo and Marin Counties.		
Type of Financing:	Conduit Tax-exempt Fixed Rate obligations (“Obligations”).		
Project Description:	The proceeds of the Obligations will be used to (i) refund all or a portion of the outstanding principal amount of the \$8,500,000 California Municipal Finance Authority (“CMFA”) Variable Rate Demand Revenue Bonds (YMCA of San Francisco), Series 2010A (the "Series 2010A Bonds"), currently outstanding in the aggregate principal amount of \$6,202,000, (ii) refund all or a portion of the outstanding principal amount of the \$9,450,000 CMFA Variable Rate Demand Revenue Bonds (YMCA of San Francisco), Series 2012B (the "Series 2012B Bonds"), currently outstanding in the aggregate principal amount of \$7,445,000, (iii) prepay two commercial term loans currently outstanding in the amounts of \$1,812,500 and \$2,300,000, which term loans were used to finance certain capital improvements to the Borrower's facilities located at 333 Eucalyptus Drive, San Francisco, California and 11000 Pescadero Road, La Honda, California, and (iv) pay various costs of issuing the Obligation and prepaying the above-described obligations, including but not limited to a swap termination payment.		
Project Site:	169 Steuart Street, San Francisco, CA 94105; County of San Francisco 1601 Lane Street, San Francisco, CA 94903; County of San Francisco 855 Sacramento Street, San Francisco, CA 94108; County of San Francisco 1877 South Grant Avenue, San Francisco, CA 94402; County of San Francisco 63 Funston Avenue, San Francisco, CA 94129; County of San Francisco 333 Eucalyptus Drive, San Francisco, CA 94132; County of San Francisco 11000 Pescadero Road, La Honda, CA 94020; (County of San Mateo)		
Plan of Finance:	The YMCA of SF intends to refund its outstanding CMFA variable rate Series 2010A Bonds, Series 2012B Bonds, prepay two commercial term loans, terminate a swap agreement and pay for costs of issuance by issuing a fixed rate tax-exempt obligation.		
Type of Issue:	Private Placement		
Tax Status:	Tax-exempt		
Term:	Up to 30 years		
Credit Enhancement:	None		
IBank Fees:	Application Fee \$3,000; Issuance Fee \$45,000; Initial Annual Fee \$1,000 per year		
Estimated Sources of Funds:	Par Amount	\$20,360,000	Estimated Uses of Funds:
			CMFA Series 2010A
			CMFA Series 2012B
			Commercial Loan 2017-1
			Commercial Loan 2017-2
			Interest Rate Swaps
			Cost of Issuance
TOTAL SOURCES	\$20,360,000		TOTAL USES
			\$20,360,000

Financing Team:			
	Bond Counsel:	Hawkins Delafield & Wood	
	Private Purchaser:	First Republic Bank	
	Financial Advisor:	Not for Profit Capital Strategies	
Public Benefits:	Refunding the outstanding Series 2010A, 2012B Bonds, prepayment of two 2017 commercial term loans, and termination of a swap agreement is expected to result in cash flow savings of approximately \$500,000 per year. The present value savings of refunding the outstanding Series 2010A and 2012B Bonds is not susceptible to precise determination due to these Bonds variable rate. The fixed-rate debt structure will help the YMCA of SF better plan for future projects and to continue with their mission of strengthening the foundations of community through youth development, healthy living and social responsibility.		
Date of Board Meeting:	Resolution Number:	Prepared by:	
December 19, 2017	17-25	John Weir on 11-30-2017	
Staff Recommendation: Staff recommends approval of Resolution No. 17-25 authorizing the issuance of Conduit Tax-exempt Fixed Rate Obligations in an aggregate amount not to exceed \$20,360,000, for the benefit of the Young Men's Christian Association of San Francisco.			

BACKGROUND AND HISTORY

The Young Men's Christian Association of San Francisco ("Borrower" or "YMCA of SF") is a 501(c)(3) nonprofit public benefit corporation organized as a membership association of men, women and children of all ages, abilities, incomes, races and religions. Through its board, staff and volunteer leadership, in collaboration with other community institutions and groups, the YMCA of SF, provides programs to meet the diverse needs of individuals, families, neighborhoods and communities.

The Young Men's Christian Association (generally, "YMCA") was originally established in London, England, in 1844. Amid the turmoil of heavy migration from rural areas to cities during the industrial revolution, the lack of housing and social stability for young men, the impetus for creating a refuge was born. Troubled by what he saw, a 22 year George Williams, along with 11 other friends organized the first YMCA. The newly created association differed from similar organizations of that time in that it was driven to meet the specific social needs in the community and was open to all members of society, regardless of class.

In the United States, retired sea captain Thomas Valentine Sullivan formed the first YMCA organization in 1851, having noticed similar needs to create a safe home for sailors and merchants.

The YMCA of SF was founded in 1853 and now serves the residents of San Francisco, San Mateo and Marin counties by providing programs at 14 branches, 54 school and community-center based after school programs and 120 Community based locations. The Borrower's mission is to build strong kids, strong families and strong communities by enriching the lives of all people in spirit, mind and body. Five community initiatives serve as the focus for their mission: Academic Success, Engaging Youth in Nature, Healthy Eating & Physical Activity, Mental Health Services, and Workforce Development.

- **Academic Success:** The YMCA of SF offers academic support and school re-engagement programs in afterschool hours that provide young people and their families with a curriculum that is vetted by the California Department of Education and they consist of 1/3 recreation activities, 1/3 academic, and 1/3 enrichment activities. The Borrower estimates it has helped over 5,000 young people re-engage with school and fulfill their potential through these programs.
- **Engaging Youth in Nature:** Recognizing that access to nature is a factor in the increasing rates of childhood obesity and diabetes, the YMCA of SF along with other public entities has partnered to provide healthy outdoor opportunities for all community members throughout the Bay Area. Such opportunities include year round summer camps for children of all ages, family camps, horseback riding, rope courses and camps that feature leadership ventures.
- **Healthy Eating & Physical Activity:** The YMCA of SF feeds thousands of youth in high-risk communities each week by leveraging USDA food programs with the goal of becoming the region's healthiest childcare and out-of-school-time provider. During a typical school year, the YMCA of SF will serve 20,000 meals each month. Staff at these centers are trained to teach parents about healthy environments and food choices. The health standards are based, in part, on years of research done by the national YMCA of the USA, in collaboration with the Harvard School of Public Health, and The University of Massachusetts at Boston.

- **Mental Health Services:** The YMCA of SF has committed itself to serving communities in need by delivering therapeutic approaches rooted in evidenced-based mentoring and mental health practices. Services include individual and group counseling sessions in schools, family counseling sessions in the Borrower’s Family Resource Centers, trauma recovery mental health services performed in community and home visits, and domestic violence counseling.
- **Workforce Development:** The YMCA of SF addresses employment needs of the community through targeted workforce development strategies, including skills building, job readiness training, and job placements. Their development services reach 1,000 individuals each year and helps them to obtain, retain, and succeed in living wage employment opportunities. The Borrower’s case managers and job counselors work with clients to identify and ultimately remove any barriers which may exist to them obtaining living-wage employment. Other programs include recruitment of teens (ages 14-18) to participate in a workforce development curriculum such as professional practice in culinary arts, summer internships and full-time jobs at participating businesses.

The Borrower also partners with the City of San Francisco through the Mayor’s Youth Employment and Education Program during the summer. Its multiple locations throughout the city provide job opportunities for high school students participating in this program. The Borrower also provides transitional aged youth (ages 16-24) in need of connections to local employers’ job development assistance, such as employment workshops, assistance obtaining basic employment tools, such as driver’s license or creating a resume, and educational opportunities.

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

PROJECT DESCRIPTION

The Borrower is requesting the issuance of conduit tax-exempt Obligations not to exceed \$20,360,000 to (i) refund all or a portion of the outstanding principal amount of the \$8,500,000 California Municipal Finance Authority (“CMFA”) Series 2010A Bonds, currently outstanding in the aggregate principal amount of \$6,202,000, (ii) refund all or a portion of the outstanding principal amount of the \$9,450,000 CMFA Series 2012B Bonds, currently outstanding in the aggregate principal amount of \$7,445,000, (iii) prepay two commercial term loans currently outstanding in the amounts of \$1,812,500 and \$2,300,000, which term loans were used to finance certain capital improvements to the Borrower’s facilities located at 333 Eucalyptus Drive, San Francisco, California and 11000 Pescadero Road, La Honda, California, and (iv) pay various costs of issuing the Obligation and prepaying the above-described obligations, including but not limited to a swap termination payment.

Both CMFA Series 2010A and Series 2012B Bonds are tax-exempt bonds and their scheduled maturity dates are in October 2029. Both of the commercial term loans are taxable. The loans were issued on June 30, 2017 and their scheduled final payment date is in June 2022.

The following is a summary of the debt to be refunded:

Refunding of Outstanding Debt:

Bond Issue	Par Amount	Outstanding	Interest Rate	Purpose
CMFA Series 2010A	\$8,500,000	\$6,202,000	67% LIBOR + 1.20%	Refund \$9,410,000 ABAG Series 2004A Bonds which refunded Series 1999A & B Certificates of Participation & pay off a commercial loan used to finance properties at 1601 Lane St., & 63 Funston Ave, (both in San Francisco, CA) & 1877 South Grant Ave, San Mateo
CMFA Series 2012B	\$9,450,000	\$7,445,000	67% LIBOR + 1.20%	Refund \$11,590,000 ABAG Series 2004B Bonds, the proceeds of which were used for improvements to the Borrower's facilities located at: 169 Steuart St., 855 Sacramento St., 1601 Lane St., (All in San Francisco, CA).
Term Loan 2017-1	\$1,900,000	\$1,812,500	-	Reimburse costs to renovate 333 Eucalyptus Dr., San Francisco facility
Term Loan 2017-2	\$2,300,000	\$2,300,000	-	Reimburse costs to renovate 333 Eucalyptus Dr., San Francisco & 1100 Pescadero Rd, La Honda facilities

All of the original projects at the above properties have been completed.

(see Appendix B--Project Photos).

FINANCING STRUCTURE

IBank Term Sheet
Young Men's Christian Association of San Francisco
Date: December 19, 2017

Par Amount: Not to exceed \$20,360,000 in conduit Tax-exempt Obligations

Type of Offering: Private Placement

Private Purchaser: First Republic Bank

Credit Enhancement: None

Expected Credit Rating: Unrated

Interest*: Fixed rate, to be determined based on the following scale:

Term (in Years)	Interest Rate
7	2.25%
10	2.40
15	2.60
20	2.85
25	3.10
30	3.20

Maturity: Up to 30 Years

Collateral: Lender will have a security interest in Borrower's operating revenues and assets and Deed of Trust on property of the Borrower located at 169 Steuart Street, San Francisco, California 94105 and 1500 Los Gamos Drive, San Rafael, California 94903

Closing Date*: December 29, 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 directly purchased by First Republic Bank and loaned to the Borrower pursuant to a Loan Agreement. Transfer of the Obligations will be limited to Qualified Institutional Buyers and the Obligations may only be transferred in whole.

Limited Obligations of IBank

The Obligations are payable solely from and secured solely by the pledge of the Borrower's payments under the transaction documents. Neither IBank nor any of the members of its Board of Directors, its officers or employees or 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

Refunding the outstanding Series 2010A, 2012B Bonds, prepayment of two 2017 commercial term loans, and termination of a swap agreement is expected to result in cash flow savings of approximately \$500,000 per year. The present value savings of refunding the outstanding Series 2010A, and 2012B Bonds is not susceptible to precise determination because these bonds are subject to a variable rate. The simpler, more manageable fixed-rate debt structure will help the YMCA of SF better plan for future projects and to continue with their mission of strengthening the foundations of community through youth development, healthy living and social responsibility.

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:	November 29, 2017
Publications:	<i>San Jose Mercury News, The Sacramento Bee, and San Francisco Chronicle</i>
Date of TEFRA Hearing:	December 13, 2017
Oral/Written Comments:	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Explain:
ELIGIBILITY REVIEW	
Applicant meets all of the I-Bank 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. 17-25 authorizing the issuance of Conduit Tax-exempt Fixed Rate Obligations in an aggregate amount not to exceed \$20,360,000, for the benefit of the Young Men's Christian Association of San Francisco.

APPENDIX A: GOVERNANCE AND MANAGEMENT

BOARD OF DIRECTORS

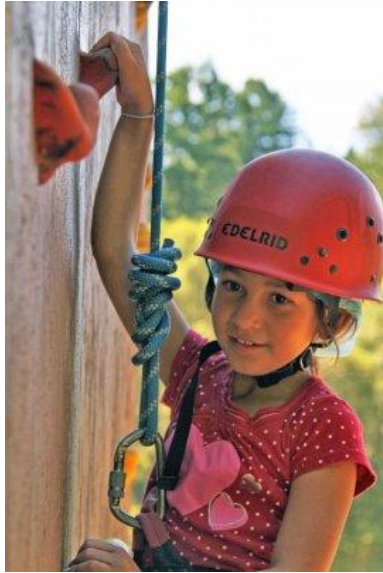
John Baker	President Freedom Financial Network, Inc.
John Berg	Co-CEO T& President Swirl
Nitin Bhargava	Sr. VP Employer Markets Blue Shield of California
Lynn Bunim	Retired AT&T
A. Scott Carswell	Sr. VP, Corporate Strategy & Growth Dignity Health
Richard Chisholm	Managing Director Wells Fargo Securities
Jill Cowan Davis	Civic Leader
Jon Eberly	CEO/Managing Director Clock Four, Inc.
Gregory Evans	Managing Partner McGuire Woods LLP
Glenn M Farrell	Retired
Gina Gregory-Burns	Internal Medicine Physician Kaiser Permanente
Stephen Hankins	Attorney Riley Safer Holmes & Cancila LLP
Gretchen Howard	Capital Partner & COO Google
Kay Kathleen	VP, IT Business Technology Pacific Gas & Electric Co.
Thomas Kearney	Partner PricewaterhouseCoopers LLP
Theodora Lee	Shareholder Littler Mendelson
Michael Millman	Managing Director J.P. Morgan
Ann Morrison	Mayor City of Larkspur
Shelby Pasareli Tsai	Attorney Wilson Sonsini Goodrich & Rosati
Christopher A. Patz	President Patz Management Company, Inc.
Marianna Pisano	Executive Director J.P. Morgan Chase
Eric Prosnitz	President & CEO Sports Basement
Nancy Rose	Managing Partner KPMG LLP

Peter M. Susko	Swift Real Estate Partners
Gary Teague	Regional Executive BofA Merrill Lynch
Caryl B. Welborn	Retired Commercial Real Estate Attorney
John Willingham	CEO Macquarie Aircraft Leasing Services, Inc.
Penelope Wong	President Penelope Wong & Associates
Eric Yopes	Principal Embarcadero Capital Partners LLC
Thomas Zimmer	Shareholder Vedder Price

OFFICERS

Charles M. Collins	Chief Executive Officer
Jamie Brunning-Miles	Chief Operating Officer
Kathy W. Cheng	Chief Financial Officer

APPENDIX B: PROJECT PHOTOS



Camper climbing rock wall at Camp Jones Gulch (San Mateo County)

Teen hikers on the trail on Outdoor Leadership venture.



Preschoolers at an | Early Childhood Education Class

