

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

STAFF REPORT

EXECUTIVE SUMMARY

Applicant:	Seneca Family of Agencies (“Borrower” or “Seneca”)	Amount Requested:	Not to exceed \$42,000,000
Applicant Description:	The Borrower is a California nonprofit public benefit corporation that provides school and community-based and family-focused treatment services for children and families in group and foster homes.		
Type of Financing:	Conduit Tax-exempt and/or Taxable Fixed Rate Obligations (the “Obligations”).		
Project Description:	The proceeds of the Obligations will be used to: (1) prepay the outstanding amount of the \$23,000,000 California Infrastructure and Economic Development Bank 2019 Tax-Exempt Loan (Seneca Family of Agencies) (the “2019 Loan”); (2) refund all of the outstanding amount of the \$35,500,000 California Infrastructure and Economic Development Bank Tax-Exempt Revenue Bonds (Seneca Family of Agencies Project), Series 2016 Bonds (“2016 Bonds”) ¹ ; (3) refinance certain taxable debt of the Borrower; (4) provide funds in the approximate amount of \$3,300,000 for the purchase of facilities located at 2275 Arlington Dr., San Leandro CA; (5) finance or refinance the acquisition, improvement and equipping of property owned by the Borrower and located at 8945 Golf Links Rd., Oakland, CA, in the approximate amount of \$500,000; and (6) pay certain costs related to the issuance of the Obligations (collectively, the “Project”).		

¹ The 2016 Bonds were issued in four Series. Currently, only the 2016A and B Bonds are outstanding.

Project Site:	<p><u>Alameda County</u> 8945 Golf Links Rd, Oakland, CA 94605</p> <p>6925 Chabot Road Oakland, CA 94618</p> <p>2275 Arlington Dr, San Leandro CA</p> <p>15942 Foothill Blvd San Leandro CA 94578</p> <p>2540 Charleston St., Oakland, CA 94602</p> <p>16759 Los Reyes Ave, San Leandro, CA 94578</p> <p><u>Contra Costa County</u> 320 H Street Antioch Ca 94509</p> <p>3200 Clayton Road Concord, CA 94519</p>	<p>619 Edwards St, Crockett, CA 94525</p> <p><u>Marin County</u> 30 Professional Pkwy, San Rafael, CA 94903</p> <p><u>Monterey County</u> 124 River Road Salinas CA 93908</p> <p><u>Orange County</u> 1801 Park Court Pl. Santa Ana, CA 92701</p> <p>235 S. Quintana Dr. Anaheim CA 92807</p> <p>22978 El Toro Rd, Lake Forest, CA 92630</p> <p><u>San Francisco County</u> 2511-2517 24th St. San Francisco, CA 94110</p>	<p><u>San Louis Obispo County</u> 6850 Morrow Road Atascadero, CA 93422</p> <p>6907 Atascadero Ave, Atascadero, CA 93422</p> <p><u>Santa Clara County</u> 485 N. 1st St, San Jose, CA 95112</p> <p>32 Hawthorne St, San Jose, CA 95110</p> <p>481 N. 1st Street San Jose, CA 95110</p> <p><u>Sonoma County</u> 365 Kuck Lane Petaluma CA 94952</p> <p>3710 Bodega Ave, Petaluma, CA 94952</p> <p>101 Wikiup Dr. Santa Rosa CA 95403</p>
<p>Plan of Finance:</p> <p>Type of Issue:</p> <p>Tax Status:</p> <p>Expected Maturity:</p> <p>Credit Enhancement:</p> <p>Credit Rating:</p> <p>IBank Fees:</p> <p>STO Fee:</p>	<p>IBank will lend the proceeds of the Obligations to Seneca to finance the costs of the Project.</p> <p>Private Placement</p> <p>Tax-exempt and/or Taxable</p> <p>Up to 30 Years</p> <p>None</p> <p>Unrated</p> <p>Application Fee \$3,500; Issuance Fee \$55,000; Initial Annual Fee \$2,500 per year</p> <p>Agent For Sale \$8,000 To be paid directly to STO</p>		
<p>Estimated Sources of Funds:</p> <p>Tax-Exempt and/or Taxable Obligations</p> <p>Proceeds</p> <p>TOTAL SOURCES</p>	<p>\$42,000,000</p> <p>\$42,000,000</p>	<p>Estimated Uses of Funds:</p> <p>Refinancing 2019 Obligations</p> <p>Refunding the Outstanding 2016 Bonds</p> <p>Purchasing Property</p> <p>Refinancing Taxable Debt</p> <p>Costs of Issuance</p> <p>Reimbursement of Improvements</p> <p>TOTAL USES</p>	<p>\$22,500,000</p> <p>\$11,000,000</p> <p>\$3,300,000</p> <p>\$4,200,000</p> <p>\$500,000</p> <p>\$500,000</p> <p>\$42,000,000</p>
<p>Financing Team:</p> <p>Bond Counsel:</p> <p>Private Purchaser:</p>	<p>Hawkins Delafield & Wood LLP</p> <p>First Republic Bank</p>		

<p>Public Benefits:</p>	<p>Refinancing the 2019 Loan will lower the current interest rate from 3.00% to 2.60%, resulting in savings of approximately \$1.3 Million in interest payments over the 30-year life of the Obligations. These savings will allow the Borrower to apply additional funds for its charitable purpose of providing treatment services for children and families. The 2016A Bonds and the 2016B Bonds were issued with interest rates of 3.42% and 2.94%. Both will be refunded at an interest rate of 2.60% and will remain outstanding for a longer term. This refunding will lower the Borrower's annual debt service and free-up cash flow to use for its charitable mission.</p> <p>Purchase of the San Leandro property, will reduce lease payments and allow the Borrower to dedicate additional funds to its mission.</p>	
<p>Date of Board Meeting: February 24, 2021</p>	<p>Resolution Number: 21-05</p>	<p>Prepared by: John Belmont on 2/5/2021</p>
<p>Staff Recommendation: Staff recommends approval of Resolution No. 21-05 authorizing the issuance of Conduit Tax-exempt and/or Taxable Fixed Rate Obligations in an amount not to exceed \$42,000,000, for the benefit of Seneca.</p>		

BACKGROUND AND HISTORY

Seneca was founded in 1985 by advocates determined to more effectively meet the needs of children in crisis. Seneca provides community-based and family-focused treatment services for children and families experiencing trauma and/or at risk of family disruptions.

In 2011, Seneca merged with Kinship Center, forming the Seneca Family of Agencies. This merger increased Seneca's scope of services, by adding Kinship Center's specialized services in adoption, foster care, family-based services, child and family mental health care, and parent and professional training. Seneca, incorporated Canyon Acres Ranch in 2012, providing a variety of therapeutic care programs related to child placement, mental health services and animal assisted therapy.

Seneca serves over 17,000 children and families annually through 147 programs in 12 California counties. Seneca is one of the only agencies in the country that integrates juvenile justice, child welfare, education, mental health, and training into its service network.

Seneca's mission includes, "unconditional care, helping children and families through the most difficult times of their lives."

Seneca's leadership is listed in **Appendix A**.

The California Secretary of State reports an active status for the Borrower.

PROJECT DESCRIPTION

The Project will provide funding to: (1) prepay the outstanding amount of the 2019 Loan, the proceeds of which were used to (A) prepay the outstanding amount of the \$8,800,000 taxable term loan (the "Taxable Term Loan") issued by First Republic Bank, the proceeds of which were used by the Borrower to (i) finance or refinance the acquisition, improvement and equipping of certain property owned by the Borrower and located at 485 N. 1st St., San Jose, CA, 32 Hawthorne St., San Jose, CA, 3710 Bodega Ave., Petaluma, CA, 30 Professional Pkwy San Rafael, CA, 22978 El Toro Rd., Lake Forest, CA, 6907 Atascadero Ave., Atascadero, CA, 16759 Los Reyes Ave., San Leandro, CA, 619 Edwards St., Crockett, CA (collectively, the "Taxable Term Loan Properties"); and (ii) pay certain costs related to the issuance of the Taxable Term Loan; (B) finance or refinance the acquisition, improvement and equipping of certain property owned by the Borrower and located at 8945 Golf Links Rd., Oakland, CA, and 2511-2517 24th St., San Francisco, CA (collectively the "2019 Loan Properties"); (C) finance, refinance and reimburse various capital improvements at the Taxable Term Loan Properties and the 2019 Loan Properties; and (D) pay certain expenses incurred in connection with issuing the 2019 Loan; (2) refund all of the outstanding 2016 Bonds, the proceeds of which were used by the Borrower to (i) finance or refinance the acquisition, improvement and equipping of certain property owned by the Borrower and located at 235 S. Quintana Dr., Anaheim, CA, 6925 Chabot Rd., Oakland, CA, 124 River Rd., Salinas, CA, 365 Kuck Lane, Petaluma, CA, 481 N. 1st St., San Jose, CA, 6850 Morro Rd., Atascadero, CA, 15942 Foothill Blvd., San Leandro, CA, 320 H St., Antioch, CA, 3200 Clayton Rd., Concord, CA, 101 Wickiup Dr., Santa Rosa, CA, 1801 Park Court Pl. Santa Ana, CA, and 2540 Charleston St., Oakland, CA; and (ii) pay certain costs of issuance; (3) refinance certain taxable debt of the Borrower the proceeds of which financed and/or refinanced costs of the above-described capital projects; (4) provide funds in the approximate amount of \$3,300,000 for the purchase of facilities located at 2275 Arlington Dr., San Leandro CA; (5) finance or refinance the

acquisition, improvement and equipping of property owned by the Borrower and located at 8945 Golf Links Rd., Oakland, CA, in the approximate amount of \$500,000; and (6) pay certain costs related to the issuance of the Obligations. (collectively, the “Project”).

Seneca’s Current Debt:

Current Debt	Principal Amount	Outstanding Balance As of 12/31/2020	Interest Rate	Purpose
2019 Loan	\$23,000,000	\$22,562,109.53	3.0%	Refunding taxable term loan to tax-exempt loan.
2016 Bonds	\$35,500,000	\$13,386,961.16	Var.	Finance/refinance certain facilities.
Line of Credit First Republic Bank	\$4,750,000	\$1,483,330.29	Var.	Prepayment of 2016 Bonds.
Totals	\$63,250,000	\$37,432,400.98		

(See Appendix B--Project Photos).

FINANCING STRUCTURE

IBank Term Sheet
Seneca Family of Agencies
IBank Board Meeting Date: February 24, 2021

Par Amount: Not to exceed \$42,000,000; Tax-Exempt and/or Taxable Obligations

Type of Offering: Private Placement

Lender: First Republic Bank

Credit Enhancement: None

Expected Credit Rating: Unrated

Interest Rate*: 2.60% per annum

Maturity: Up to 30 years

Collateral: Lender will have a security interest in Borrower's operating revenues and assets and Deeds of Trust on property of the Borrower at the following locations:

1.	8945 Golf Links Rd., Oakland
2.	2511-2517 24th St., San Francisco
3.	485 N. 1st St, San Jose
4.	32 Hawthorne St., San Jose
5.	3710 Bodega Ave, Petaluma
6.	30 Professional Pkwy, San Rafael
7.	22978 El Toro Rd., Lake Forest
8.	6907 Atascadero Ave., Atascadero
9.	16759 Los Reyes Ave., San Leandro
10.	619 Edwards St., Crockett
11.	235 S. Quintana Dr., Anaheim
12.	6925 Chabot Rd., Oakland
13.	124 River Rd., Salinas
14.	365 Kuck Lane, Petaluma
15.	481 N. 1st St., San Jose
16.	6850 Morro Rd., Atascadero
17.	15942 Foothill Blvd., San Leandro
18.	320 H St., Antioch
19.	3200 Clayton Rd., Concord
20.	101 Wikiup Dr., Santa Rosa
21.	1801 Park Court Pl., Santa Ana
22.	2540 Charleston St., Oakland
23.	2275 Arlington Dr., San Leandro

Expected Closing Date* March 31, 2021

Guarantees: None

Transaction: The Obligations are the special limited Obligations of IBank payable solely from payments made by the Borrower under the Transaction Documents and IBank shall not be directly or indirectly or contingently or morally 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 Expected Closing Date are subject to change.

Financing Structure

The Obligations will be directly purchased by First Republic Bank (“FRB”) and loaned to the Borrower pursuant to a Master Loan Agreement (“MLA”). The Obligations will be secured by a Security Agreement encumbering certain of the Borrower’s personal property and by deeds of trust encumbering the properties listed in the above table.

The Obligations may only be transferred in whole to Qualified Institutional Buyers (as defined by SEC Rule 144A). Upon closing of the transaction, FRB will assign the entire Obligations to its affiliate, First Republic Lending Corporation (“FRLC”). FRB has represented that FRLC is a Qualified Institutional Buyer. Any subsequent purchaser of the Obligations must execute and deliver a Letter of Representations to IBank and the Borrower representing, among other things, that it is a Qualified Institutional Buyer.

Limited Obligations of IBank

The Obligations are payable solely from the Borrower’s payments under the transaction documents. 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

Seneca’s mission is to provide unconditional care for children and families during the most difficult times of their lives. Seneca trains child welfare, behavioral health, and juvenile justice professionals with evidence based practices to strengthen the systems of care for California’s most sensitive and highest need children and their families.

Since 2000, Seneca has increased its staff from 337 full time employees to 1,300, working in 50 locations throughout California.

Refinancing the 2019 Loan will lower the current interest rate from 3.00% to 2.60%, resulting in savings of approximately \$1.3 Million in interest payments over the 30-year life of the Obligations. These savings will allow the Borrower to apply additional funds for its charitable purpose of providing treatment services for children and families. The 2016A Bonds and the 2016B Bonds were issued with interest rates of 3.42% and 2.94%, respectively. Both will be refunded at an interest rate of 2.60% and will remain outstanding for a longer term. This refunding will lower the Borrower’s annual debt service and free-up cash flow to use for its charitable mission.

Purchase of the San Leandro property, will reduce lease payments and allow the Borrower to dedicate additional funds to its mission.

OTHER PROJECT DATA

PERMITS AND APPROVAL	
Required?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, Describe: All approvals have been obtained.
TEFRA COMPLIANCE	
Date of TEFRA Publication:	February 17, 2021
Publications:	<i>Sacramento Bee, Marin Independent Journal, the Martinez News-Gazette, the Monterey Herald, the Orange County Register, the Press Democrat, the San Francisco Chronicle, the San Jose Mercury News, the San Luis Obispo New Times.</i>
Date of TEFRA Hearing:	February 24, 2021
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 IBank in connection with the financing and to make all the scheduled payments. 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. 21-05 authorizing the issuance of Conduit Tax-exempt and/or Taxable Fixed Rate Obligations, in an amount not to exceed \$42,000,000, for the benefit of Seneca.

APPENDIX A: GOVERNANCE AND MANAGEMENT

BOARD OF DIRECTORS

Ken Berrick, President	President & CEO Seneca Family of Agencies Oakland, CA
Neil Gilbert, Chair	Professor of Social Welfare University of California, Berkeley Berkeley, CA
Dion Aroner, Secretary	Partner AJE Partners Berkeley, CA
Geoff Le Plastrier, Treasurer	President LDC Advisors Newport Beach, CA
Jeff Davi, Member	President A.G. Davi Property Management Monterey, CA
Sylvia Pizzini, Member	Assistant Secretary California Health and Human Services Agency Oakland, CA
Gwen Foster, Member	Independent Consultant
Nancy Peña, Member	Independent Consultant
Rochelle “Shelly” Benning, Member	Chief of Staff Kaiser Permanente Oakland, CA

EXECUTIVE MANAGEMENT

Ken Berrick	President & CEO
Leticia Galyean	Chief Operating Officer
Janet Briggs	Chief Financial Officer

APPENDIX B: PROJECT PHOTOS



Redeemer Site # 1



2275 Arlington Site # 2