

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

**SENECA FAMILY OF AGENCIES' REQUEST FOR PARTIAL REALLOCATION OF A
PREVIOUSLY-APPROVED OBLIGATION TO FINANCE ELIGIBLE CAPITAL
IMPROVEMENTS**

STAFF REPORT

INTRODUCTION

Seneca Family of Agencies (“Seneca”) seeks IBank Board of Directors (the “Board”) approval to reallocate the proceeds of an IBank conduit obligation. Resolution 21-05 originally authorized IBank’s issuance of a \$42 million conduit obligation that included an expenditure of approximately \$500,000 for certain capital improvements to an eligible facility. Seneca seeks authorization to instead apply up to \$2.25 million to such facility.

DISCUSSION

On February 24, 2021, the Board adopted Resolution No. 21-05 (Exhibit A) authorizing the issuance of up to \$42 million in tax-exempt and/or taxable fixed rate obligations (“Obligations”) for the benefit of Seneca. As discussed in IBank’s staff report (Exhibit B), published in connection with Resolution No. 21-05, Seneca intended to use the Obligations’ proceeds to refund certain debt and finance/refinance the acquisition and/or improvement of certain properties (the “Project”). In particular, Resolution No. 21-05 authorized proceeds of the Obligations “in the approximate amount of \$500,000” to be applied to finance or refinance the acquisition and improvement of Seneca’s property located at 8945 Golf Links Road, Oakland, California (the “Redeemer Facility”).

Seneca now seeks Board authorization to reallocate the proceeds of the Obligations to increase expenditures on the Redeemer Facility from approximately \$500,000 to up to \$2.25 million (the “Project Amendment”). The total amount of the Obligations issued will remain at \$42 million.

Seneca requests the Project Amendment in order to maximize its tax-exempt borrowing. Seneca originally intended to apply a greater portion of the \$42 million toward refinancing existing debt. However, while performing tax analysis/due diligence, it was discovered that a portion of the existing debt could not be refunded on a tax-exempt basis. In order to maintain its borrowing at the previously-approved \$42 million level and on a tax-exempt basis, Seneca now seeks to reallocate a portion of the Obligations’ proceeds to the Redeemer Facility.

Seneca’s proposed reallocation requires further Board authorization because Resolution No. 21-05 specified that only approximately \$500,000 in the Obligations’ proceeds would be applied to the Redeemer Facility. Since Seneca would like to increase this amount, further Board authorization is required. The Seneca transaction closed on April 22, 2021. However, at closing the portion of the Obligations’ proceeds that could be allocated toward the Redeemer Facility was limited as set forth in Resolution No. 21-05. Following Board approval of Seneca’s reallocation, Seneca will apply up to \$2.25 million of the proceeds of the Obligations to the Redeemer Facility. As noted, the total Obligations will remain at the originally approved amount of \$42 million.

RECOMMENDATION

IBank Staff recommends approval of IBank Resolution No. 21-09.

Exhibit A

IBank Resolution No. 21-05

Exhibit B

Staff Report