

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

**STAFF REPORT**

<b>EXECUTIVE SUMMARY</b>	
<b>Applicant:</b>	Planned Parenthood Pasadena and San Gabriel Valley, Inc. (“Planned Parenthood” or “Borrower”)
<b>Par Amount Requested:</b>	\$10,000,000
<b>Applicant Description:</b>	Founded in 1933 as a California 501 (c)(3) nonprofit public benefit corporation providing health care and education concerning comprehensive sexual and reproductive care.
<b>Type of Financing:</b>	Conduit Tax-Exempt and/or Taxable Variable Rate Obligations (“Obligations”)
<b>Project Description:</b>	The Borrower is requesting that IBank issue Obligations for the purpose of: (a) financing, refinancing, and/or reimbursing the Borrower for all or a portion of the costs of the acquisition, construction, improvement, furnishing and equipping of the Borrower’s health center facilities, including but not limited to office, administrative, and laboratory facilities, located at 620 North Lake Avenue, Pasadena, California 91101 (collectively, the “Facilities”), and (b) paying certain costs of issuance and related costs in connection with the Obligations (collectively, the “Project”).
<b>Potential Project Sites:</b>	<u>Los Angeles County</u> 620 North Lake Avenue, Pasadena, CA 91101
<b>Plan of Finance:</b>	IBank will lend the proceeds of the Obligations to the Borrower to finance and refinance, and/or reimburse the Borrower for all or a portion of the costs of the Project.
<b>Type of Issue:</b>	Private Placement
<b>Tax Status:</b>	Tax Exempt and/or Taxable
<b>Expected Maturity Date:</b>	15 Years
<b>Credit Enhancement:</b>	None
<b>Credit Rating:</b>	None
<b>IBank Fees:</b>	Application Fee \$2,500; Issuance Fee \$25,000; Annual Fee \$500

<b>SOURCES AND USES</b>			
<b>Estimated Sources Funds:</b>		<b>Estimated Uses Funds:</b>	
		Tax-Exempt and/or Taxable Obligations Proceeds:	
Tax-Exempt and/or Taxable Obligations Proceeds	\$10,000,000	Property Acquisition	\$8,300,000
Borrower Funds	\$4,900,000	Renovation/Retrofit	\$1,600,000
		Costs of Issuance	\$100,000

		Borrower Funds:	
		Renovation/Retrofit	\$4,050,000
		Equipment/Furniture	\$750,000
<b>TOTAL SOURCES</b>	<b>\$14,900,000</b>	<b>TOTAL USES</b>	<b>\$14,900,000</b>

<b>FINANCING TEAM</b>	
<b>Bond Counsel:</b>	Kutak Rock LLP
<b>Private Placement Agent:</b>	CN Financing, Inc.
<b>Public Benefits:</b>	<p>Planned Parenthood provides comprehensive reproductive and sexual health services, including selected cancer screening, contraception, STI testing and treatment, HIV prevention and abortion care for over 60,000 patients per year.</p> <p>The Project will allow the Borrower to access larger laboratory and administration operations spaces in order to expand the public health and education services and activities.</p> <p>The Project is expected to create up to 35 construction jobs and 12 full time jobs.</p>
<b>Date of Board Meeting:</b>	8/23/2023
<b>Resolution Number:</b>	23-11
<b>Prepared by:</b>	John Belmont and Dalibor Zivkovic
<b>Date Prepared:</b>	August 7, 2023
<b>Staff Recommendation:</b>	Staff recommends approval of Resolution 23-11 authorizing the issuance of conduit Tax-exempt and/or Taxable Variable Rate Obligations in an amount not to exceed \$10,000,000 for the benefit of Planned Parenthood Pasadena and San Gabriel Valley, Inc.

## BACKGROUND AND HISTORY

Founded in 1933, the Borrower is among the oldest of the affiliates in the Planned Parenthood Federation of America, serving Pasadena, San Gabriel Valley, and Northeast Los Angeles communities.

Planned Parenthood is a health care provider and educator focused on sexual and reproductive care and is an advocate for all people to live healthy and authentic lives. At its five health centers, Planned Parenthood provides comprehensive reproductive and sexual health services, including selected cancer screening, contraception, STI testing and treatment, HIV prevention and abortion care through over 60,000 patients per year. Planned Parenthood's reach also extends outside of its health centers through the provision of competent and inclusive sex and relationship education to young people, their families and teachers in local schools and residential treatment facilities—and widespread outreach to the general public with medically accurate information on sexual and reproductive health. To ensure health equity, reproductive rights and comprehensive sex education for all, Planned Parenthood partners with state and national advocacy networks and with legislators and policymakers at all levels of government.

The Borrower is listed in Good Standing with the California Secretary of State, as of July 27, 2023.

Current leadership is listed in Appendix A.

## PROJECT DESCRIPTION

The Borrower is requesting that IBank issue Obligations in an amount not to exceed \$10,000,000 for the purpose of financing, refinancing, and/or reimbursing the Borrower for all or a portion of the costs of the acquisition, construction, improvement, furnishing and equipping of the Borrower's Facilities, and paying certain costs the Project.

The Project would cover the following areas:

### **Acquisition of Existing Facility:**

The property located at 620 North Lake Avenue, Pasadena, California is a pre-existing medical office and will serve as the borrower's flagship headquarters. The facility will combine their Pasadena health center operations, administrative offices, and in-house laboratory, all of which are currently disbursed to locations in Altadena and Baldwin Park, California. This facility will have additional space for expansion of the Borrower's operations and will be in proximity to public transit alternatives. The estimated costs to purchase the property are approximately \$8.3 Million.

### **Renovation of Existing Facility:**

The property consists of a 21,764 square foot building on approximately 0.88 acres of land. The building is currently identified as a medical office building. The renovations of the facility and surrounding property are scheduled to begin in January 2024, with an estimated completion date of July 2025. The estimated costs of the renovation will be approximately \$6.5 Million.

### Non IBank Issued Outstanding Prior Debts (“Prior Debts”)

The Prior Debts will not be refunded in relation to the issuance of the Obligations. The current outstanding debt is not eligible for refunding from tax-exempt financing proceeds.

Outstanding Prior Debt	Debt Type	Issue Date	Issue Par Amount	Final Maturity	Current Outstanding Amount
CNB Mortgage Loan – Pasadena Ridder House	Taxable	12/18/2014	\$740,000	12/1/2026	\$256,827
CNB – Alhambra Loan	Taxable	6/1/2015	\$500,000	1/1/2025	\$94,788
		<b>Total</b>	<b>\$1,240,000</b>		<b>\$351,615</b>

(See Appendix B--Project Photos)

## FINANCING STRUCTURE

**IBank Term Sheet**  
**Planned Parenthood Pasadena and San Gabriel Valley, Inc.**  
**Board Meeting Date: 8/23/2023**

<b>Par Amount:</b>	Not to exceed \$10,000,000; Tax-Exempt and/or Taxable Loan Obligations.
<b>Type of Offering:</b>	Private Placement.
<b>Lender:</b>	CN Financing, Inc., a California corporation, and/or a related or successor entity.
<b>Credit Enhancement:</b>	None.
<b>Expected Credit Rating:</b>	Unrated.
<b>Interest Rate:</b>	Variable interest rates, expected to be SOFR or a percentage of SOFR plus a spread and subject to adjustment as set forth in the Transaction Documents.
<b>Maturity*:</b>	September 1, 2038
<b>Collateral:</b>	First lien deed of trust, security agreement, assignment of leases and rents, and fixture filing on certain real property of the Borrower.
<b>Expected Closing Date*:</b>	September 7, 2023
<b>Conduit Transaction:</b>	The Obligations are 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 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 Maturity and Expected Closing Date are estimates and subject to change.

## **Financing Structure**

The Obligations will be directly purchased by CN Financing, Inc. and loaned to the Borrower pursuant to a Loan Agreement. Transfer of the Obligations will be limited to affiliates and qualified institutional buyers (“QIBs”) within the meaning of S.E.C. Rule 144A promulgated under the Securities Act of 1933 and they may only be transferred in whole.

The Obligations will be issued pursuant to the Section 145 of the Internal Revenue Code of 1986 (Code), will have a variable rate based on the secured overnight financing rate (SOFR), and repayments are expected to be monthly principal and interest payments based on the terms stated in the Loan Agreement, commencing on October 1, 2023. It is expected that the Obligations will be issued as Series A and Series B Loans. The Series A Loans’ proceeds will be used to pay costs of issuance and other related costs; while the proceeds of the Series B Loans will be deposited into the Project Fund and be drawn as needed to pay the project costs.

The Borrower will pledge and grant a first priority lien and security interest within the meaning of the California Uniform Commercial Code (“UCC”) and to the extent permitted by law, in all of its right, title, and interest, in the Project Fund (the “Project Fund Collateral”).

### **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; nor any of its officers or employees; nor any person executing the transaction documents on behalf of IBank shall be personally liable for the Bonds 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**

Acquisition and renovation of the subject facility will provide Planned Parenthood with the necessary physical space to further expand the amount and scope of its public health and education services, with increased efficiencies from having its largest health center, laboratory, and administrative operations all at the same location.

Planned Parenthood currently employs 113 full time and 30 part time employees. The Project is expected to allow them to hire 12 new full time employees and up to 35 construction workers.

## OTHER PROJECT DATA

<b>PERMITS AND APPROVAL</b>	
Required? Yes	If Yes, Describe: Borrower will secure building permit from the City of Pasadena to complete the renovation of the building. Additionally, borrower will transfer its existing routine licenses and permits for the operation of its health centers.
<b>TEFRA</b>	
Date of TEFRA Publication: 8/10/2023	Publications: IBank Website, <a href="https://ibank.ca.gov">https://ibank.ca.gov</a>
Date of TEFRA Hearing: 8/17/2023	Oral/Written Comment: No, If yes explain: None
<b>ELIGIBILITY REVIEW</b>	
Applicant meets all the IBank eligibility criteria? Yes or No <b>Yes</b>	<ol style="list-style-type: none"> <li>1. Project is in the State of California</li> <li>2. The Borrower is capable of meeting the obligations incurred under relevant agreements.</li> <li>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.</li> <li>4. The proposed financing is appropriate for the Project.</li> </ol>
<b>INDUCEMENT CERTIFICATE</b>	
Completed? N/A	Certificate Number: _____ Date: _____

## RECOMMENDATION

Staff recommends approval of Resolution 23-11 authorizing the issuance of conduit Tax-exempt Variable Rate Obligations in an amount not to exceed \$10,000,000 for the benefit of Planned Parenthood Pasadena and San Gabriel Valley, Inc.

## APPENDIX A: GOVERNANCE AND MANAGEMENT

<b>BOARD MEMBERS</b>	
Annie Brose, Board Chair	Former Attorney Pasadena, CA
Frances Teng, Vice Chair	Obstetrician/Gynecologist Optum Medical Group Pasadena, CA
Claire Gibbs, Treasurer	SVP Financial and Regulatory Reporting City National Bank Pasadena, CA
Ashley Michelle Zavala, Secretary	Associate Attorney Hahn & Hahn, LLP Pasadena, CA
Ali Barar, Member	Architect Gonzales Goodale Architects Pasadena, CA
Nicole Bernard, Member	Community Services Specialist & Representative City of Pasadena Pasadena, CA
Cheryl Bode, Member	Retired Pasadena, CA
Marisa Callahan, Member	Retired Pasadena, CA
Nohelia Canales, Member	Dept. Chair & Professor, Lives Sciences Dept. East Los Angeles College Monterey Park, CA
Ceinwyn Clark, Member	Executive Producer Clarkliving Pasadena, CA
Isabel Chen, Member	Assistant Professor, Health Systems Science Dept Kaiser Permanente Bernard J. Tyson School of Medicine Pasadena, CA
Sally DeWitt, Member	Retired San Marino, CA
Tim Hartley, Member	Realtor; Episcopal Pastor TPH Properties, Self Employes Pasadena, CA
Ellen Ligons, Member	Retired Pasadena, CA
Jennie Morales, Member	Attorney State Compensation Insurance Fund Pasadena, CA
Virginia Mosqueda Villa, Member	Initiative Director The James Irvine Foundation Pasadena, CA



Lupe Perez, Member	Owner Green Splendor Landscaping Pasadena, CA
Dave Quast, Member	Sr. Vice President, Crisis Communications; Adjunct Professor Red Banyan; USC Annenberg School for Communication and Journalism Los Angeles, CA
Archana Sahgal, Member	President Hyphen Partnerships South Pasadena, CA
Laura Sirott, Member	Obstetrician/Gynecologist Private Practice South Pasadena, CA
Nick Taylor, Member	Retired South Pasadena, CA
Megan Torrey-Payne, Member	Therapist Private Practice Pasadena, CA
Jay Wagener, Member	Clinical Psychologist, PhD Private Practice Pasadena, CA
Pamela Weatherspoon, Member	Vice President, DEI Huntington Hospital Pasadena, CA

<b>OFFICERS</b>	
Sheri Bonner	President and Chief Executive Officer
Bethany Eshleman	Chief Financial Officer
Grace Lin	Chief Operating Officer, Interim Chief Financial Officer and Corporate Secretary

### Conflict of Interest Disclosure

Ms. Claire Gibbs, Treasurer of the Borrower, is currently employed by City National Bank. The lender for the proposed transaction, CN Financing, Inc. is a wholly owned subsidiary of City National Bank. Ms. Gibbs will not be participating in the approval of the financing when such financing is before the Board of Directors.

APPENDIX B: PROJECT PHOTOS



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