

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

STAFF REPORT

EXECUTIVE SUMMARY

Applicant:	Roseville Sustainable Energy Partner LLC ("Borrower" or "Roseville")	Par Amount Requested: Not to exceed \$600,000,000
Applicant Description:	Roseville Sustainable Energy Partner LLC is a Delaware limited liability company authorized to do business in California, the sole member of which is Genesis Capital Improvements Foundation Inc., a Delaware nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code. The Borrower is a single-purpose entity that will enter into a Concession Agreement with Adventist Health System/West ("Adventist") for an exclusive 30-year concession to assume responsibilities with operation and maintenance services related to the Adventist's Concession Campuses and the Energy Assets.	
Type of Financing:	Conduit Tax-Exempt and Taxable Revenue Bonds (Adventist Foundation Energy Projects) Series 2024 (the "Bonds").	
Project Description:	The proceeds of the Bonds will be used to (1) pay or reimburse the costs of the acquisition, development, construction, improvement and equipping of certain energy related improvements, including but not limited to, upgrading and replacing central utility plant assets, installing solar arrays, replacing air handling units, upgrading building automation systems, implementing battery storage solutions, and making other infrastructure improvements at certain hospitals and related facilities owned and operated by Adventist located throughout California; (2) fund interest to accrue on the Bonds; and (3) pay or reimburse certain costs in connection with the issuance of the Bonds (collectively, the "Project").	
Potential Project Sites (14 Counties):	<p>(1) Kern County</p> <ul style="list-style-type: none"> a) 2615, 2616, 2620, and 2812 Chester Avenue, Bakersfield, California 93301 b) 1524 27th Street, Bakersfield, California 93301 c) 3001 and 3015 Sillect Avenue, Bakersfield, California 93308 d) 1401 Graces Highway, Delano, California 93215 e) 432 Lexington Street, Delano, California 93215 f) 1100 Magellan Drive, Tehachapi, California 93561 <p>(2) Lake County</p> <ul style="list-style-type: none"> a) 15630 18th Avenue, Clearlake, California 95422 <p>(3) Los Angeles County</p> <ul style="list-style-type: none"> a) 1509 Wilson Terrace, Glendale, California 91206 b) 1520 E Chevy Chase Drive, Glendale, California 91206 c) 413 N Poplar Avenue, Montebello, California 90640 d) 101 E Beverly Boulevard, Montebello, California 90640 e) 309 W Beverly Boulevard, Montebello, California 90640 f) 1617 Michigan Avenue, Los Angeles, California 90033 g) 1700, 1701, and 1720 E Cesar E Chavez Avenue, Los Angeles, California 90033 h) 312 N Boyle Avenue, Los Angeles, California 90033 <p>(4) Kings County</p> <ul style="list-style-type: none"> a) 115 Mall Drive, Hanford, California 93230 	

(5) Mendocino County

- a) 1 Marcela Drive, Willits, California 95490
- b) 275 Hospital Drive, Ukiah, California 95482

(6) San Joaquin County

- a) 975 S Fairmont Avenue, Lodi, California 95240
- b) 2415 W Wine Street, Lodi, California 95240

(7) Fresno County

- a) 372 W Cypress Avenue, Reedley, California 93654
- b) 1141 Rose Avenue, Selma, California 93662

(8) Yuba County

- a) 726 4th Street, Marysville, California 95901

(9) San Luis Obispo County

- a) 1010 Murray Avenue, San Luis Obispo, California 93405
- b) 35 Casa Street, San Luis Obispo, California 93405
- c) 1100 Las Tablas Road, Tempelton, California 93465

(10) Ventura County

- a) 2950 and 2975 Sycamore Drive, Simi Valley, California 93065

(11) Tuolumne County

- a) 1000 Greenley Road, Sonora, California 95370
- b) 900 Mono Way, Sonora, California 95370

(12) Napa County

- a) 10 Woodland Road, Saint Helena, California 94574
- b) 310 Glass Mountain Road, California 94574

(13) Solano County

- a) 525 Oregon Street, Vallejo, California 94590

(14) Sutter County

- a) 1260 Williams Way, Yuba City, California 95991

Plan of Finance: IBank will lend the proceeds of the Bonds to the Borrower to finance the costs of the Project.			
Type of Issue: Public Offering			
Tax Status: Tax-Exempt and Taxable			
Term: 40 years			
Credit Enhancement: None			
Credit Rating: Expected S&P Global Rating: A-			
IBank Fees¹: Application Fee \$5,000; Issuance Fee \$128,120; Initial Annual Fee \$26,624			
STO Fee: Agent For Sale \$10,500			
Estimated Sources of Funds:	Estimated Uses of Funds:		
Tax-exempt Bonds Proceeds	\$276,100,000	Infrastructure Upgrade (Tax-exempt)	\$312,634,130
Taxable Bond Proceeds	\$56,380,000	Infrastructure Upgrade (Taxable)	\$55,173,241
Premium (Tax-exempt)	\$21,665,865	Net Advance Lease Payment (Taxable)	\$2,583,900
Borrower's Contribution (Tax-exempt)	\$25,572,023	Capitalized Interest Fund (Tax-exempt)	\$4,807,688
Borrower's Contribution (Taxable)	\$4,512,915	Capitalized Interest Fund (Taxable)	\$981,737
		Costs of Issuance (Tax-exempt)	\$5,896,069
		Costs of Issuance (Taxable)	\$2,154,038
TOTAL SOURCES	\$384,230,803	TOTAL USES	\$384,230,803
Financing Team:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP Underwriter: RBC Capital Markets, LLC, Underwriter Counsel: Norton Rose Fullbright US LLP P3 Advisor: Goldman Sachs & Co. LLC Trustee: U.S. Bank Trust Company, National Association		
Public Benefits:	<p>These projects will support Adventist Health in providing patient care to their surrounding communities. Without many of these energy related projects, certain delivery of healthcare services by Adventist Health would not be possible, as many of these projects are addressing critical infrastructure in need of replacements and upgrades.</p> <p>The Project is expected to create approximately 1,900 construction jobs and 14 full-time permanent jobs to support the completion of the Project.</p>		
Date of Board Meeting: April 24, 2024	Resolution Number: 24-06	Prepared by: John Belmont	
Staff Recommendation: Staff recommends approval of Resolution No. 24-06 authorizing the issuance of Conduit Tax-Exempt and Taxable Fixed Rate Revenue Bonds, in an aggregate amount not to exceed \$600,000,000, for the benefit of Roseville Sustainable Energy Partner LLC.			

¹ IBank Issuance Fee and Initial Annual Fee are subject to change based on the Issue Par Amount at Closing.

BACKGROUND AND HISTORY

Background and History:

Roseville is a Delaware limited liability company that was specially created as of 2024 for this transaction, and authorized to do business in California, the sole member of which is Genesis Capital Improvements Foundation Inc., a Delaware nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code.

Adventist Health System/West (Adventist) was organized in 1980 and is an organization described in Section 501(c)(3) of the Code. Adventist's corporate office is in Roseville, California. Adventist leads an integrated health system serving communities in California, Hawaii, Washington and Oregon (the "System"), and currently controls or manages 23 nonprofit corporations that own or lease and operate hospital and other healthcare facilities in such states. The main business of the System is the delivery of services to improve the health of the communities it serves. The System currently operates approximately 370 physician clinics, hospital-based clinics and rural health clinics in California, Hawaii, and Oregon, and a retirement facility in Washington. Adventist controls 21 nonprofit corporations that own or lease and operate hospital and other health care facilities. The hospital facilities range in size from 25 to 515 licensed acute care beds, plus other bed categories such as skilled nursing and retirement housing. Each controlled hospital corporation is separately incorporated, and each constitutes an organization described in Section 501(c)(3) of the Code. The Bonds will only finance certain facilities of the System in California.

Adventist has contracted with the Borrower to undertake the Project. The Borrower has entered into certain agreements with Bernhard MCC, LLC, a Delaware limited liability company ("BMCC") to implement the construction of the Project.

The Borrower is listed in Good Standing with the Delaware Secretary of State as of April 12, 2024.

Current leadership is listed in Appendix A.

PROJECT DESCRIPTION

The Borrower is requesting that IBank issue conduit tax-exempt and taxable fixed rate revenue bonds and loan the proceeds to Roseville. Roseville will use the proceeds of the Bonds to pay or reimburse the costs of the acquisition, development, construction, improvement and equipping of certain energy related improvements, including but not limited to, upgrading and replacing central utility plant assets, installing solar arrays, replacing air handling units, upgrading building automation systems, implementing battery storage solutions, and making other infrastructure improvements at certain hospitals and related facilities owned and operated by Adventist Health System/West (Adventist) located throughout California, listed on the **Table I**; fund interest to accrue on the Bonds and pay or reimburse certain costs in connection with the issuance of the Bonds.

Adventist and the Borrower have agreed to enter into a Concession Agreement, to be dated as the Closing Date, whereby Adventist agrees to grant the Borrower an exclusive 30-year concession, leases and easements related to energy assets in order to make improvements, optimizations, and supply thermal energy to the concession campuses for

operational and maintenance services. As consideration for the Concession Agreement and leases, the Borrower will pay Adventist the advance lease payment on the date of issuance of the Bonds, which payment will be financed with the proceeds of the Bonds. The Project's construction is expected to begin in July 2024. The estimated Project costs per facility, and location have been listed on the **Table I**.

Table I – The Project's Information

Facility Name	Address	City	County	Estimated Project Cost
AH White Reedley	372 W. Cypress Avenue	Reedley	Fresno	\$50,000,000
AH Hanford	1141 Rose Avenue	Selma	Fresno	\$50,000,000
AH Bakersfield	2615,2616, 2620, & 2812 Chester Avenue	Bakersfield	Kern	\$65,000,000
AH Bakersfield	1524 27th Street	Bakersfield	Kern	\$5,000,000
AH Bakersfield	3001 Sillect Avenue	Bakersfield	Kern	\$20,000,000
AH Bakersfield	3015 Sillect Avenue	Bakersfield	Kern	\$20,000,000
AH Delano	1401 Graces Highway	Delano	Kern	\$25,000,000
AH Delano	432 Lexington St.	Delano	Kern	\$5,000,000
AH Tehachapi Valley	1100 Magellan Drive	Tehachapi	Kern	\$50,000,000
AH Hanford	115 Mall Drive	Hanford	Kings	\$50,000,000
AH Clear Lake	15630 18th Avenue	Clearlake	Lake	\$5,000,000
AH Glendale	1509 Wilson Terrace	Glendale	Los Angeles	\$180,000,000
AH Glendale	1520 Chevy Chase Drive	Glendale	Los Angeles	\$5,000,000
AH White Memorial	413 N. Poplar Avenue	Montebello	Los Angeles	\$5,000,000
AH White Memorial	101 E Beverly Boulevard	Montebello	Los Angeles	\$50,000,000
AH White Memorial	309 W. Veverly Boulevard	Montebello	Los Angeles	\$50,000,000
AH White Memorial	1617 Michigan Avenue	Los Angeles	Los Angeles	\$50,000,000
AH White Memorial	1700 E Cesar E Chavez Avenue	Los Angeles	Los Angeles	\$50,000,000
AH White Memorial	1701 E Cesar E Chavez Avenue	Los Angeles	Los Angeles	\$5,000,000
AH White Memorial	1720 E Cesar E Chavez Avenue	Los Angeles	Los Angeles	\$75,000,000
AH White Memorial	312 N. Boyle Avenue	Los Angeles	Los Angeles	\$5,000,000
AH Howard Memorial	1 Marcela Drive	Willits	Mendocino	\$5,000,000
AH Ukiah	275 Hospital Drive	Ukiah	Mendocino	\$50,000,000
AH St. Helena	10 Woodland Road	St. Helena	Napa	\$50,000,000
AH St. Helena	310 Glass Mountain Road	St. Helena	Napa	\$5,000,000
AH Lodi Memorial	975 S. Fairmont Avenue	Lodi	San Joaquin	\$50,000,000
AH Lodi Memorial	2415 W. Wine Street	Lodi	San Joaquin	\$5,000,000

AH Sierra Vista	35 Casa Street	San Luis Obispo	San Luis Obispo	\$5,000,000
AH Sierra Vista	1010 Murray Avenue	San Luis Obispo	San Luis Obispo	\$50,000,000
AH Twin Cities	1100 Las Tablas Road	Templeton	San Luis Obispo	\$50,000,000
AH St. Helena	525 Oregon Street	Vallejo	Solano	\$5,000,000
AH Rideout	1260 Williams Way	Yuba City	Sutter	\$5,000,000
AH Sonora	1000 Greenly Road	Sonora	Tuolumne	\$50,000,000
AH Sonora	900 Mono Way	Sonora	Tuolumne	\$5,000,000
AH Simi Valley	2975 Sycamore Drive	Simi Valley	Ventura	\$50,000,000
AH Simi Valley	2950 Sycamore Drive	Simi Valley	Ventura	\$50,000,000
AH Rideout	726 4th Street	Marysville	Yuba	\$50,000,000
Estimated Total Project Cost				\$1,305,000,000

FINANCING STRUCTURE

IBank Term Sheet

Roseville Sustainable Energy Partner LLC

Board Meeting Date: 4/24/2024

Par Amount:	Not to exceed \$600,000,000 in one or more tax-exempt and taxable series
Type of Offering:	Public Offering
Underwriter:	RBC Capital Markets
Credit Enhancement:	None Expected
Expected Credit Rating:	S&P: A-
Interest Rate*:	Two series of the Bonds are expected, and each series is expected to bear interest at fixed rates.
Maturity*:	40 years from the date of issuance
Collateral:	Payments made to the Borrower from Adventist under a Thermal Services Agreement and Leasehold Deeds of Trust
Expected Closing Date*:	June 11, 2024
Conduit Transaction:	The Bonds 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 Bonds.

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

Financing Structure

The Bonds are being issued pursuant to an Indenture of Trust, to be dated as of their closing date. The Underwriter for the Bonds will be RBC Capital Markets. The Bonds will be secured by and payable from payments made by Borrower under the Loan Agreement. The Bonds will be sold pursuant to a Bond Purchase Agreement.

The Bonds are issuable as fully registered Bonds in authorized denominations of \$5,000 and any integral multiples thereof and, when issued, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company of New York (“DTC”).

The Bonds will be issued at a fixed rate and are expected to be designated as (Adventist Foundation Energy Projects) Series 2024A (Tax-exempt) and Series 2024B (Taxable). The Bonds will be subject to redemption prior to their stated maturity as provided in the Indenture.

The Borrower’s payment obligations under the Loan Agreement will be secured under a Collateral Security Agreement as Secured Obligations. The Secured Obligations will be secured primarily by certain Collateral held by the Collateral Agent, U.S. Bank, National Association. The Collateral include but is not limited to (i) all right, title and interest of the Borrower in and to its interest in the Energy Assets, (ii) all right, title and interest of the Borrower in and to each of the Material Contracts to which it is a party, including the right to receive Project Revenues and the Termination Fee, and (iii) all right, title and interest of the Borrower in substantially all of its personal property and in the Accounts established under the Collateral Security Agreement, but shall not include the Loan Agreement and the funds and accounts held under the Indenture, which documents, funds and accounts are pledged to the Trustee. The Secured Obligations will also be secured by Leasehold Deeds of Trust.

Adventist’s obligation to make payments to the Borrower for the operation for the Project based on the Material Contracts’ terms is an unsecured contractual obligation.

IBank was requested to act as issuer for this financing after CHFFA declined based on the Borrower not clearly being an authorized borrower under the CHFFA statutes.

Limited Obligations of IBank

The Bonds are payable solely from and secured solely by the pledge of the Borrower’s payments under the transaction documents. IBank; any of the members of its Board of Directors; any of its officers or employees; and any person executing the transaction documents on behalf of IBank shall not be personally liable for the Bonds or subject to any personal liability or accountability by reason of the execution thereof. The Bonds 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

These projects will support Adventist Health in providing patient care to their surrounding communities. Without many of these energy related projects, certain delivery of healthcare services by Adventist Health would not be possible, as many of these projects are addressing critical infrastructure in need of replacements and upgrades.

In 2022, Adventist Health provided approximately \$900m in various community benefit initiatives in California. The community benefits include charity care, community health improvement, education & research, workforce development, and other various capital investments.

The Project is expected to create approximately 1,900 construction jobs and 14 full-time permanent jobs to support the completion of the Project.

OTHER PROJECT DATA

PERMITS AND APPROVAL	
Required?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Describe:
TEFRA	
Date of TEFRA Publication:	April 15, 2024
Publications:	https://ibank.ca.gov/board/notices-of-public-hearing/ & https://www.ibank.ca.gov/board/2024-board-meetings/
Date of TEFRA Hearing:	April 22, 2024
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. 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. 24-06 authorizing the issuance of Conduit Tax-Exempt and Taxable Revenue Rate Bonds, in an aggregate amount not to exceed \$600,000,000, for the benefit of Roseville Sustainable Energy Partner LLC.

APPENDIX A: GOVERNANCE AND MANAGEMENT**BOARD OF DIRECTORS**

John Beaman	Chief Financial Officer Adventist Health System/West Roseville, CA
Brandon Seibold	Sr. Finance Officer & Treasurer Adventist Health System/West Roseville, CA
Stephen Mayer	Treasurer Pacific Union Conference Westlake Village, CA
Leon Brown	Executive Vice President Pacific Union Conference Westlake Village, CA

ANTICIPATED OFFICERS

John Beaman	President
Stephen Mayer	Vice President
Brandon Seibold	Chief Financial Officer
Meredith Jobe	Secretary