

CDFA BROWNFIELDS TECHNICAL ASSISTANCE PROGRAM

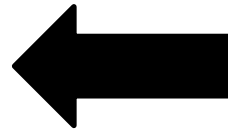
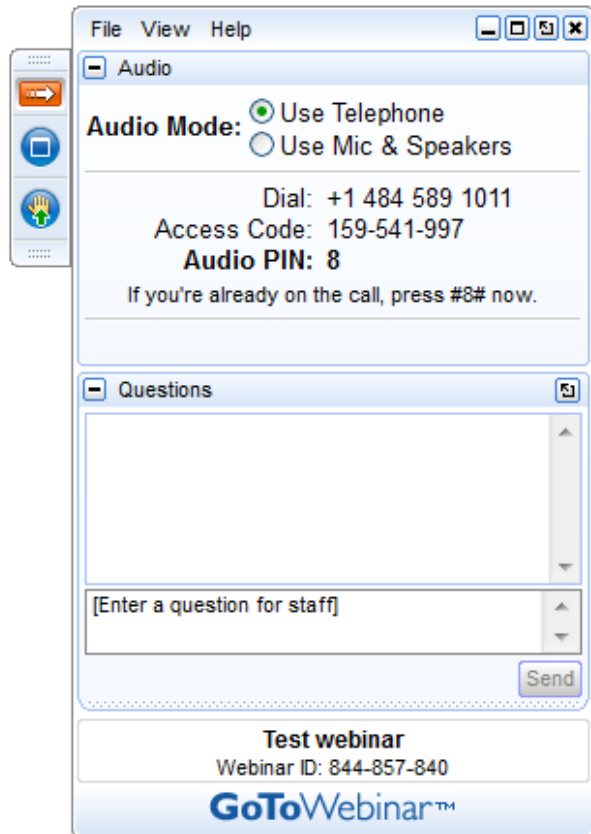
*Brownfields Financing
Webinar Series*



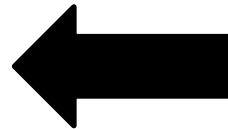
Financing Brownfields with Private Activity Bonds
THE BROADCAST WILL BEGIN AT 2:00PM (EST)

- ▶ Submit your questions in advance using the GoToWebinar control panel
- ▶ View previous webcast recordings online at www.cdfa.net

Welcome & Overview



Using your telephone will give you better audio quality.



Submit your questions to the panelists here.

Join the Conversation

Technical Questions?

Contact CDFA at 614-705-1300

CDFA BROWNFIELDS TECHNICAL ASSISTANCE PROGRAM



Moderator:

Emily Moser
Program Manager
CDFA

Panelist:

Blake Sharpton
Attorney
Butler Snow LLP

Russell Goings
Senior Vice President
Hutchinson, Shockey, Erley & Co.

CDFA's Five Focus Areas

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Finance

16 Courses in the CDFA Training Institute

Fundamentals of Economic Development Finance Course

Intro Bond Finance Course & Advanced Bond Finance Course

Intro TIF Course & Advanced TIF Course

Intro Tax Credit Finance Course

Intro Revolving Loan Fund Course

Intro Energy Finance Course

Intro Public-Private Partnership (P3) Finance Course

Intro EB-5 Finance Course

Intro Food Systems Finance Course

Seed & Venture Capital Course

Intro Brownfields Finance Course

Intro Rural Finance Course

Intro PACE Finance Course

***CDFA's Newest Course:
Intro Energy & Water Finance Course***



Research & Advisory Services

Research and Compile Data for Development Finance Tools

- TIF State-by-State Statute Review
- National Bond Volume Cap Map & Report
- Federal Financing Clearinghouse (179 Federal Programs)
- State Financing Programs Clearinghouse

Provide Advisory Services for Clients

- Development Authorities
- Universities
- World Bank
- Federal Agencies





What are Development Finance Agencies?

CDFA is proud to represent development finance agencies (DFAs) across the country. Learn how they finance the development priorities in their communities.

CDFA Upcoming Events

CDFA Brownfields Financing Webinar: Financing Brownfields with Private Activity Bonds (PABs)
 March 9, 2017
 2:00 - 3:30 PM Eastern

CDFA // BNY Mellon Webcast Series: Exploring the Impact of GASB 77
 March 14, 2017
 1:00 PM Eastern

2017 CDFA Pennsylvania Financing Roundtable Webinar
 March 22, 2017
 1:00 - 3:00 PM Eastern

2017 CDFA Michigan Financing Roundtable Webinar
 March 23, 2017
 10:00 AM - 12:00 PM Eastern

[View CDFA Events](#)

Right Now at CDFA



MAMBA's in the House!
Tim Fisher
 Legislative and Federal Affairs Coord.

The Modernizing American Manufacturing Bonds Act (MAMBA) was introduced by Hultgren, Neal, and Renacci in the U.S. House of Representatives. Passing MAMBA is CDFA's #1 legislative priority. Show your support!

[Learn More](#)

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Resources

CDFA houses the largest collection of development finance resources in the world and various online tools to support the industry. Click on the various resource sections below and go in-depth to learn more about the development finance tools and resources available.

Online Resource Database (ORD)

The CDFA Online Resource Database (ORD) is the nation's only online electronic catalogue dedicated to development finance. The database has thousands of resources catalogued by dozens of categories. Most resources in the database are available to CDFA members only. CDFA members should login with their CDFA Account at the top of the page to access the full set of resources. Non-members are encouraged to join CDFA today to gain access to the entire database.

[View & Search the Online Resource Database](#)

Resource Centers

Looking for very targeted development finance resources? CDFA has done the search for you with specialized CDFA Resource Centers. Click on the topic you're interested in exploring to load a customized CDFA Resource Center.

- **Agriculture**
- **Bonds**
- **Brownfields**
- **Crowdfunding**
- **EB-5**
- **Energy**
- **Food Systems**
- **Incentives**
- **Property Assessed Clean Energy (PACE)**
- **Public-Private Partnerships (P3)**
- **Revolving Loan Funds**
- **Seed & Venture Capital**
- **Special Assessment**
- **Tax Credit**
- **Tax Increment Finance (TIF)**

Federal Financing Clearinghouse

State Financing Program Directory

CDFA BROWNFIELDS TECHNICAL ASSISTANCE PROGRAM



**Financing
Toolkit**



**Webinar
Series**



**Project
Marketplace**

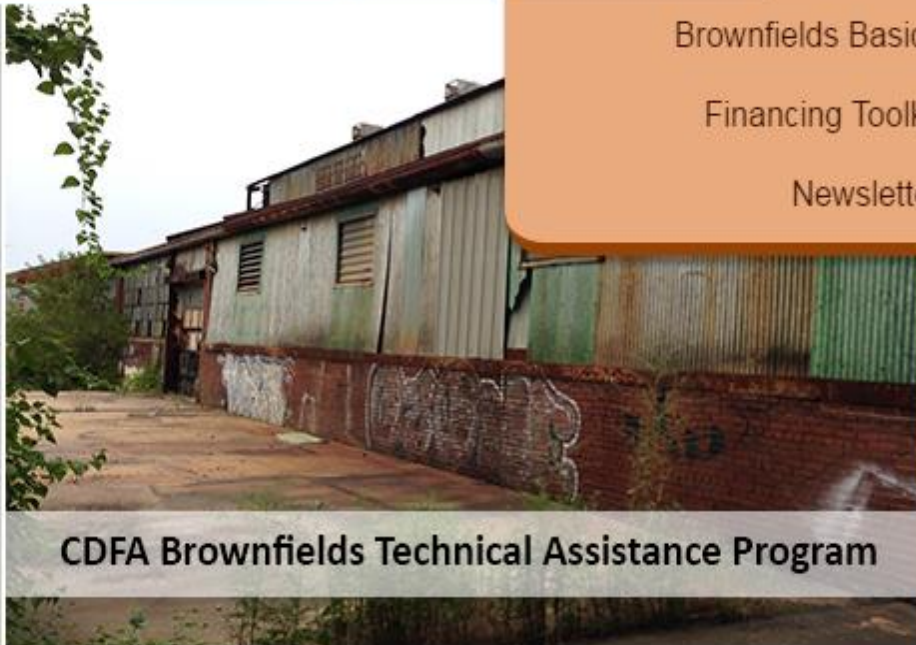


**Project
Response Teams**

CDFA BROWNFIELDS TECHNICAL ASSISTANCE PROGRAM



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[Brownfields Basics](#)

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**Free Financing
Technical Assistance to
Local, State, and Tribal
Brownfield Efforts**

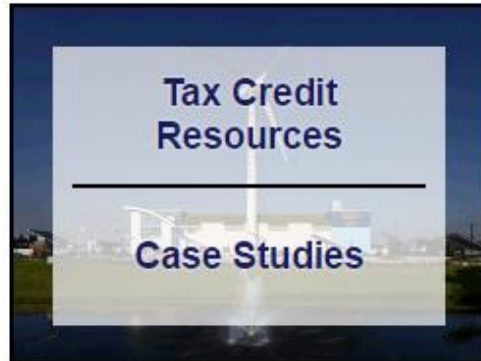
CDFA Brownfields Technical Assistance Program



**Intro Brownfields
Finance WebCourse**



Brownfields Financing Toolkit



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Brownfields Financing Update
January 3, 2017

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Brownfields Finance *UPDATE*

This Month's Highlights from the Brownfields Finance Industry

Features

Hoboken Finalizes \$30M Purchase of Remediated Property

City of Hoboken Purchases 5.4 acres of remediated land from a Chemical Company to build the new Resiliency Park. The Park will be funded through a low-interest loan from the New Jersey Environmental Infrastructure Fund Program, which includes 19 percent principal forgiveness for the green infrastructure components.

The 2017 National Brownfields Training Conference

The National Brownfields Training Conference is the largest event in the nation focused on environmental revitalization and economic redevelopment. Held every two years, the National

ARCHIVES

Displaying 1 - 27 of 27.

[January 3, 2017](#)

[December 6, 2016](#)

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Brownfield Financing Webinar Series

Register >>>

Last Webinar

Brownfields Redevelopment Financing Webinar Series: Reaching Your Redevelopment Goals with Brownfields Revolving Loan Funds

from CDFA

April 21, 2016

**CDFA BROWNFIELDS
TECHNICAL ASSISTANCE
PROGRAM**

*Brownfields Financing
Webinar Series*

THE BROADCAST WILL BEGIN AT 2:00PM Eastern

- ▶ Submit your questions in advance using the GoToWebinar control panel
- ▶ View previous webcast recordings online at www.cdfa.net

1:28:01

HD :: vimeo

CDFA Brownfields Technical Assistance Program — www.cdfa.net



Brownfields Project Marketplace

What is the Marketplace?

- Forum that connects communities looking to finance brownfield redevelopment projects with development financiers and brownfield project experts

Community Benefits:

- Discover financial resources
- Direct access to financial advisors and brownfield experts





CDFA Project Response Teams

Opportunities available in 2017!

Previous Recipients:

- Texarkana, TX
- Tulsa, OK
- Kalispell, MT
- Josephine County, OR
- Longmont, CO
- New Bern, NC
- Englewood, IL
- Bedford Heights, OH
- Lee, MA



CDFA BROWNFIELDS TECHNICAL ASSISTANCE PROGRAM

Upcoming Events



Webinar: Financing Brownfields with EB-5

May 4, 2017

2:00-3:30pm Eastern

[REGISTER!](#)

In-Person Brownfields Project Marketplace – Denver, CO.

May 16, 2017

CDFA Colorado Roundtable

[REGISTER!](#)

Now Scheduling Interviews for Project Response Teams!

Contact:

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PRIVATE ACTIVITY BONDS/TOOLS FOR BROWNFIELD REDEVELOPMENT

BLAKE C. SHARPTON
ATLANTA AND MACON, GEORGIA

Presentation Overview

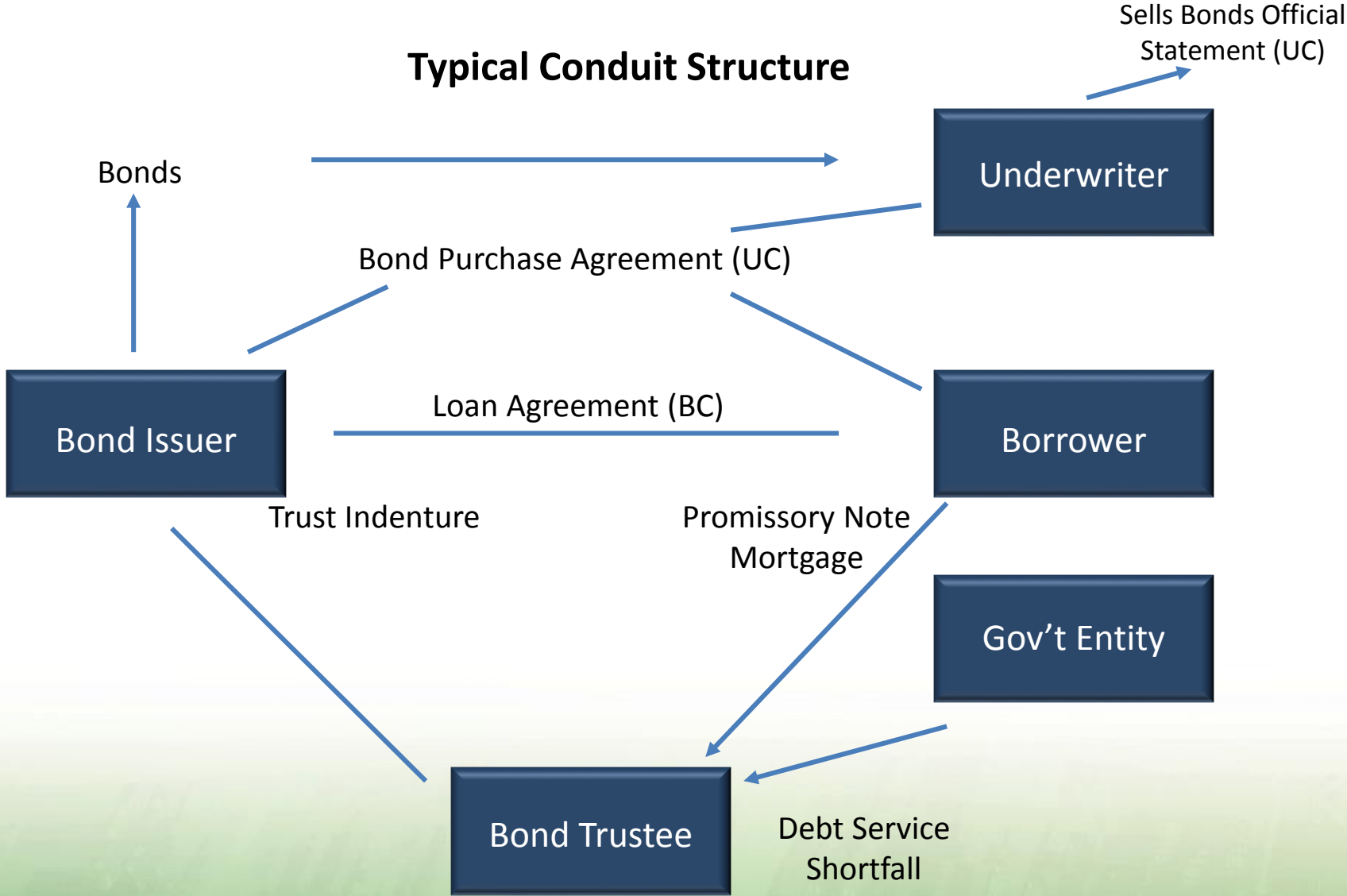
- Overview of Bonds
- Typical Deal Structure
- Potential Scenarios for Use of Private Activity bonds

Overview of Bonds

- What is a bond? A bond is a written promise to repay a loan the proceeds of which will be used to pay for redevelopment costs
- Distinguish between General Obligation (“G.O.”) Bond and Private Activity Bond (“P.A.B.”)
 - G.O. Bond: repayable by governmental entity with tax revenues
 - P.A.B.: repayable with revenues from private entity (and often wholly or partially by governmental entity)

Deal Structure

Typical Conduit Structure



Typical Borrower Types

- Manufacturing Projects – as contrasted with Distribution Facilities
- 501(c)(3) non profit corporations
- Multi-use facilities – residential / commercial / industrial / retail / office
- Disposal facilities
- More specifically approved categories to follow

Crosstown Arts - Memphis

- Crosstown Arts, a state and federal nonprofit corporation, redeveloped the Crosstown Sears Building in Memphis, Tennessee – *1.5 million square feet*
- Adaptive multiple use rehabilitation project – involved **health, education, and arts** uses with restaurants, retail spaces, office and commercial spaces, **public charter school, mixed-income apartments, and parking garage**
- Financing (**20 different financing sources**):
 - PABs for charter school, mixed-income apartments, and non-profit corporate use
 - Qualified Energy Conservation Bonds
 - Approximately \$6 million grant proceeds from the City under HUD's Section 108 and Brownfields Economic Development Initiative grant program
 - New Markets Tax Credits
 - Historic Tax Credits

Sources of Assistance / Incentives

- Federal / state abatement study grants – for survey, assessment, and remediation analysis costs
- Federal / state abatement grants
- Ad Valorem Tax Abatement (PILOT)
- Fee waivers
- Infrastructure improvements (streets, traffic coordination, parking)
- Free or reduced-cost land from the development authority
- Free or reduced-cost services from local businesses
- Lowered or eliminated building lease costs

Local Incentives (Funding Sources)

- County / city / school system funding
- Perpetual / consistent funding sources
- Municipal funding – “may levy and collect municipal taxes For the purpose of developing trade, commerce, industry, and employment opportunities.”
- Municipal funding – may be subject to caps
- Historic / new markets tax credits
- HUD

Questions? Comments?

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Macon and Atlanta, Georgia

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Presentation of: Private Activity Bonds / Tools for Brownfield Redevelopment

Hutchinson, Shockey, Erley & Co.

March 9, 2017

NON-ADVICE DISCLAIMER

Important Information about Our Communications with You

In connection with its responsibilities under the federal securities laws and the rules of the Municipal Securities Rulemaking Board, Hutchinson, Shockey, Erley & Co. (HSE) wants to ensure that you understand the purpose of our communications with you and the role we intend to play in any transactions that we may engage in with you. We are communicating with you for the purpose of soliciting business as an underwriter of municipal securities. We propose to serve as an underwriter, not as a financial advisor or municipal advisor, in connection with any transaction that may result from our communications. Please note that:

- HSE is not recommending that you take any action;
- HSE is not acting as the advisor to you or any obligated person on a municipal securities issue and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to you or any obligated person with respect to the information and material contained in this communication;
- HSE is acting for its own interests; and
- You and any person that will have a repayment obligation with respect to any municipal securities issue being considered should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you or the obligated person deem appropriate before acting on this information or material.

MSRB Rule G-17

HSE would serve as an underwriter in connection with the proposed Offering of municipal securities, not as a financial advisor. Rule G-17 of the Municipal Securities Rulemaking Board requires an underwriter such as HSE to deal fairly at all times with both municipal issuers and investors. HSE's primary role in the Offering would be to purchase securities with a view to distribution in an arm's-length commercial transaction with the Issuer, and HSE has financial and other interests that differ from those of the Issuer. Unlike a municipal advisor, HSE as an underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests. HSE will have a duty to purchase any securities sold in the offering from the Issuer at a fair and reasonable price, but must balance that duty with its duty to sell those securities to investors at prices that are fair and reasonable. HSE makes no recommendation with regard to the hiring of a municipal advisor by the Issuer. HSE's compensation as an underwriter would be contingent on the closing of the Offering. Such contingent compensation presents a conflict of interest, because it may cause HSE to recommend the Offering even if it is unnecessary or to recommend that the size of the Offering be larger than is necessary. If retained, HSE will review the official statement for the securities sold in the Offering in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the Offering.

Informational Accuracy and Future Performance Disclaimer

Some information contained herein has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. Any opinions expressed are subject to change without notice. Any performance information shown represents historical market information only and does not infer or represent any past performance. It should not be assumed that any historical market performance information discussed herein will equal such future performance.

WHAT ARE PRIVATE ACTIVITY BONDS?

☐ Qualified Private Activity Bonds or “PABs”

- Tax exempt bonds issued by states or local governments to make a loan of bond proceeds to a private party for an authorized public purpose
- Under Federal law there are restrictions on the use of PABs proceed and the types of capital improvements that can be funded
- In some instances states or local governments may impose additional restrictions on the uses of PABs.

☐ Qualified Private Activity Bonds or PABs

- Created as part of the 1986 Tax Reform Act
- There are two general categories of PABs users:
 - Governmental User PABs
 - Private Sector User PABs – 501 c3 and Corporate borrowers
- There are presently 21 types of PABs issued authorized by the IRS

PRIVATE ACTIVITY BOND TESTS

❑ Private Activity Bond Tests

- A **Private Activity Bond** is one that primarily benefits or is used by a private entity.
- Two conditions or tests are used to assess the status of a bond issue with regard to the private entity test.
- Satisfying both conditions would mean the bonds are taxable private activity bonds. Bonds are *private activity bonds* and **not** tax-exempt.
- **Private Use Test: Who Benefits from the Project?**
 - No more than 10% of the proceeds can be used by private parties for private businesses
- **Private Payment or Private Security Test**
 - No more than 10% of debt service or the proceeds from the PABs may be secured by or come from property used in a private business or a private party.

Bond issues that *fail* both tests can still qualify for a tax-exempt financing if they are for *Qualified* private activities.

- The Interest Income from Tax-Exempt PABS is included in the Alternative Minimum Tax (AMT) base.
- Because private activity bonds are included in the AMT, the bonds usually carry a slightly higher interest rate.
- Presently there are discussions between the new administration and congress regarding repealing AMT.
- Repealing the AMT or exempting some bonds issued for qualified private activities from the AMT would increase investor demand for those bonds.

□ Private Activity Volume Cap

- The annual cap in 2017 is the greater of \$100 per capita or a minimum \$302.88 million (adjusted for inflation).
- The total volume cap for the U.S. in 2017 is \$32.49 billion.
- For small states, the \$302.88 million minimum provides a more generous volume cap than the per capita allocation.

QUALIFIED PRIVATE ACTIVITIES

Type of Private Activity / Exempt Facilities Bonds	<i>Italicized Activities must be governmental owned to qualify</i>
<i>Airports</i>	Local heating or Cooling Facilities
<i>Docks and Wharves</i>	Hazardous Waste Facilities
Mass Community Facilities	Residential Rental
High Speed Inter-City Rail	<i>Qualified Public Education Facilities</i>
<i>Highway and Surface Freight</i>	<i>Green Build Sustainable Design Projects</i>
Transfer Facilities (P3 for roads, intermodal facilities)	Qualified Small Issue / Industrial Development Bonds
Water Facilities	Mortgage Bonds
Solid Waste Disposal Facilities – <i>Not subject to volume cap if publicly owned</i>	<i>Veterans Mortgage Bonds</i>
Sewage Facilities	Student Loan Bonds
Local Furnishing of Electricity or Gas	Qualified Redevelopment Bonds
Hydro Electric Generating Facilities	<i>Qualified 501 C3 Bonds</i>

- ❑ Brownfield redevelopment presents several unique challenges when compared to ordinary real estate development projects
- Environmental Liability Concerns
- Clean Up Considerations
- Reuse Planning
- Financial Barriers

- Considering the reported number of **Brownfields** nationally almost any of the 21 authorized PABs issues could be used in conjunction with the reuse of a **Brownfield**.
- One of the uppermost factors impacting the use of **PABs** in funding any aspect of the redevelopment of a Brownfield site is the Reuse Plan.
- For **Qualified Tax Exempt PABs** used by **Private Sector** borrowers there are specific requirements and guidelines.

PABS TO CONSIDER FOR BROWNFIELD REDEVELOPMENT

- ❑ No two Brownfield Redevelopment Programs are exactly the same.
 - A high percentage of the proposed programs are **Mixed Used** projects incorporating **retail** and or **commercial** aspects in the proposed development with some form of residential living space incorporated.
 - **Other Features Often Mentioned:**
 - Governmental and Community Based Assistance Services
 - Health and Human Services Operations
 - Schools and Educational Service
 - Light manufacturing and or processing

QUALIFIED RESIDENTIAL RENTAL PROJECTS

- Residential rental property can be financed, under Exempt Facility Bonds or Qualified 501(c)(3) Bonds sections of the Code.
- “**Exempt Facility Bond**” includes any bond issued as part of an issue where 95% or more of the net proceeds are used to provide qualified residential rental projects.
- “**Qualified Residential Rental Project**” any residential rental property that at all times during the qualified project period meets the “**Set-Aside Requirements.**”

SET-ASIDE REQUIREMENTS

- ❑ The Set-Aside Requirements include the 20/50 and 40/60 Set Aside Thresholds:
 - A project meets the 20/50 requirements if 20 percent or more of the units are occupied by individuals whose income is 50 percent or less of the area median gross income (AMGI).
 - A project meets the 40/60 requirements if 40 percent or more of the units in the project are occupied by individuals whose income is 60 percent or less of the AMGI.

QUALIFIED REDEVELOPMENT BONDS

❑ Qualified Redevelopment Bond (QRBs)

- A QRB is a bond where 95% or more of the net proceeds will be used for one or more redevelopment purposes in designated blighted areas.
- Additionally, a QRB must be issued pursuant to:
 - State Redevelopment Laws
 - A locally adopted Redevelopment Plan
- The payment of the principal and interest on the bond issue must be primarily secured by general taxes imposed by a general purpose governmental unit, or increases in real property tax revenues (**attributable to increases in assessed value**) resulting from the redevelopment, if such increases are reserved solely for debt service on the issue or similar issues, to the extent the increases do not exceed the debt service.

QUALIFIED REDEVELOPMENT BONDS

☐ QRBs Use of Proceeds

- Not more than 25% of the net proceeds can be used for a facility whose primary purpose is: retail food and beverage services, automobile sales or services, recreation, entertainment or as otherwise provided in the Code.
- No portion of the proceeds can be used to provide any of the following: golf course, country club, massage parlor, tennis club, skating facility, racquet or handball facility or courts, hot tub facility, suntan facility, racetrack, gambling facility, or liquor store (including land for these facilities).

QUALIFIED 501 (C)(3) BONDS

- ❑ Qualified 501(c)(3) bonds are tax-exempt private activity bonds issued by a state or local government, the proceeds of which are loaned to and used by a Section 501(c)(3) organization in furtherance of its exempt purpose.

- ❑ What are the requirements to be a Section 501(c)(3) organization?
 - Organized and operated exclusively for exempt purposes (**“No private benefit”**)
 - No part of the organization’s net earnings may benefit any private shareholders or individuals (**“No private inurement”**)
 - Not engaged in substantial lobbying activity
 - Not engaged in political campaign activity

- ❑ Evidence of 501(c)(3) status
 - IRS Determination Letter
 - Group Ruling Letter

☐ Eligible Uses of Bond Proceeds

- Capital Expenditures
- Refinancing Prior Debt
- Reimbursing Prior Capital Expenditures
- Working Capital (up to 5%)
- Costs of Issuance (up to 2%)
- Capitalized Interest (up to 36 months)
- Debt Service Reserve Fund (“lesser of test”)

- ❑ The Code states that a “qualified small issue bond” is a qualified bond.
- A “qualified small issue bond” means any bond issued “as part of an issue:”
 - With an aggregate par amount which is \$1,000,000 (or, subject to additional limitations, \$10,000,000) or less; and
 - 95% (or more) of the net proceeds are used for the acquisition, construction, reconstruction or improvement of depreciable land or property

MANUFACTURING FACILITY

- Tax exempt small issue private activity bond financing is permitted under two sections of the Code. The term manufacturing facility is defined in the Code as:
 - Any facility that is used in the manufacturing or production of tangible personal property (including the process resulting in a change in condition of such property);
 - Facilities are directly related and ancillary to a manufacturing facility if (a) such facilities are located on the same site as the manufacturing facility, and (2) not more than 25 percent of the net proceeds of the issue are used to provide such facilities.
- Ancillary activities are activities that are not integral to the process. The statute provides that these are activities that, are directly related to manufacturing, but are, as the dictionary provides, secondary, supplementary or extra.

- **City of Los Angeles Industrial Development Authority**
\$1,500,000 Variable Rate Demand Industrial Development Revenue Bonds
(FirstClass Foods – Trojan, Inc. and Alliance Resources, LLC)
- **California Infrastructure and Economic Development Bank**
Los Angeles County Department of Public Social Services Facilities
\$41,605,000 Revenue Bonds
(Vermont Village Human Services Corporation)
- **City of Atlanta – Atlanta Development Authority**
\$85,000,000 Perry Bolton Tax Allocation District, Tax Allocation Bonds

City of Los Angeles Industrial Development Authority

New Issue - Full Book-Entry

RATINGS: Standard & Poor's "AA+/A-1+"
See "RATINGS" herein.

In the opinion of Kutak Rock, Bond Counsel, based on existing statutes, regulations, rulings, and court decisions, and assuming (among other things) compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, except that no opinion is expressed as to the exclusion from gross income of interest on any Bond during any period during which such Bond is held by a person who is within the meaning of Section 141(e) of the Internal Revenue Code of 1986, a "substantial owner" of the facilities with respect to which the proceeds of the Bonds are used or is a "related person." Bond Counsel expresses no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds, although Bond Counsel observes that interest on the Bonds is a specific preference item for purposes of calculating the federal individual and corporate alternative minimum taxable income. See "TAX MATTERS."

\$1,500,000
INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LOS ANGELES
VARIABLE RATE DEMAND INDUSTRIAL DEVELOPMENT REVENUE BONDS,
SERIES 1998 (FIRSTCLASS FOODS - TROJAN, INC. PROJECT)

Dated: Date of Delivery

Price 100%

Due: April 1, 2005

This cover page contains certain information for general reference only. It is not intended to be a summary of all factors relating to an investment in the Bonds. Investors should review the entire Official Statement before making any investment decisions. Capitalized terms used on this cover page and not otherwise defined shall have the meanings set forth herein or in the hereinafter mentioned Indenture. The Bonds are being offered solely on the basis of the Letter of Credit, the Confirming Letter of Credit and the financial strength of the Bank and the Confirming Credit Provider, and not the operations, financial strength or condition of the Borrower or any other security. This Official Statement does not describe the financial condition of the Borrower.

The Bonds described herein are issued by the Industrial Development Authority of the City of Los Angeles (the "Authority") pursuant to California Industrial Development Financing Act, constituting Title 10 of the Government Code of the State of California (the "State"), and an Indenture of Trust, dated as of April 1, 1998 (the "Indenture"), between the Authority and U.S. Bank Trust National Association, as trustee (the "Trustee"). It is anticipated that the Bonds will be issued and delivered on the date set forth below in fully registered form and, if and when issued, will be registered in the name of Cede & Co., as the registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Bonds will be made in book-entry only form. Purchasers of beneficial interests (the "Beneficial Owners") will not receive certificates representing their interests in the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, all references herein to Registered Owner shall mean Cede & Co. and not the Beneficial Owners of the Bonds. Payments of principal, redemption price, interest and, with respect to tendered Bonds, purchase price of the Bonds, will be made directly to DTC by the Trustee so long as DTC is the Registered Owner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants as more fully described herein. See "APPENDIX B—BOOK-ENTRY ONLY SYSTEM."

The Bonds are special, limited obligations of the Authority payable (except to the extent payable from certain amounts held by the Trustee under the Indenture including the proceeds of the Bonds) solely from and secured by loan repayments from FirstClass Foods - Trojan, Inc., a California corporation (the "Borrower"), under a Loan Agreement, dated as of April 1, 1998, between the Authority and the Borrower. In addition, the Bonds are further secured by an irrevocable direct pay letter of credit (the "Letter of Credit") issued by:

City National Bank

(the "Bank") as described herein and by an irrevocable, transferrable confirming letter of credit (the "Confirming Letter of Credit") issued by the

State Teachers' Retirement System

(the "Confirming Credit Provider"). The Letter of Credit will be initially issued in an amount equal to the aggregate principal amount of the Bonds plus 45 days' interest thereon calculated at the rate of 12% per annum. The Letter of Credit, unless extended, will initially expire on April 23, 2003 (the "Scheduled Expiration Date") and will permit the Trustee to draw thereunder amounts sufficient to pay (i) the principal of the Bonds when due at maturity, upon earlier redemption or upon acceleration, (ii) regularly scheduled interest on the Bonds or payment of interest on a date established for the redemption or acceleration of the Bonds, and (iii) the purchase price of Bonds tendered or subject to mandatory tender and not remarketed. The Confirming Letter of Credit will be initially issued in an amount equal to the aggregate principal amount of the Bonds plus 45 days' interest thereon calculated at the rate of 12% per annum. The Confirming Letter of Credit, unless extended, will initially expire on April 23, 2003. The Confirming Letter of Credit will permit the Trustee to draw thereunder an amount sufficient to pay the outstanding principal of and accrued interest on the Bonds in the event the Bank wrongfully dishonors a conforming draw under, or repudiates, the Letter of Credit.

From and including the date of initial authentication and delivery thereof, the Bonds will bear interest at a rate which is determined on a weekly basis (the "Weekly Interest Rate") by First Albany Corporation, as Remarketing Agent. The Bonds will continue to bear interest at a Weekly Interest Rate unless, at the option of the Borrower and upon the satisfaction of certain conditions, the interest rate on the Bonds is converted to a fixed rate to maturity (the "Fixed Interest Rate"). On the effective date of the Fixed Interest Rate (the "Fixed Rate Date") and on each date the Borrower exercises its option to substitute an alternate letter of credit for the then existing Letter of Credit, the Bonds will be subject to mandatory tender for purchase. Prior to the Fixed Rate Date, the Bonds are subject to purchase on demand of the Registered Owners thereof on any Business Day (as defined herein) upon providing seven (7) days irrevocable written notice to U.S. Bank Trust National Association, San Francisco, California, as tender agent for the Bonds in the manner described herein. The Bonds are also subject to optional and mandatory redemption prior to maturity as further described herein.

Prior to the Fixed Rate Date, the Bonds are issuable in fully registered form in denominations of \$100,000 or any multiple of \$5,000 in excess thereof. Prior to the Fixed Rate Date, interest on the Bonds is computed on the basis of a 365 or 366 day year, as appropriate, for the actual number of days elapsed, and is payable on the first day of each month, or if any such day is not a Business Day, on the next succeeding Business Day, commencing June 1, 1998. Principal of the Bonds is payable at the principal corporate trust office of the Trustee, as paying agent, in San Francisco, California, or at such other office as the Trustee may designate. Interest on the Bonds is payable by check or draft mailed to the Registered Owners thereof as of the record date described herein. Registered Owners of Bonds in an aggregate principal amount of \$1,000,000 or more may elect to receive payment of interest on such Bonds by wire transfer to an account in the continental United States in immediately available funds.

The Bonds and the Indenture under which they will be issued will state that the principal of such Bonds, the premium, if any, and the interest thereon shall not be deemed to constitute a debt or liability of the State, the City of Los Angeles (the "City") or any political subdivision or agency of the State. The Bonds are special, limited obligations of the Authority, and the Authority shall under no circumstances be obligated to pay the Bonds except from the revenues and other funds pledged therefor under the Indenture. None of the State, the City or any political subdivision or agency of the State shall be obligated to pay the principal of, premium, if any, purchase price of, or interest on, the Bonds or other costs incident thereto except from the revenues and funds pledged therefor. Neither the faith and credit nor the taxing power of the State, the City or any political subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, purchase price of, or interest on, the Bonds nor is the State or any political subdivision thereof in any manner obligated to make any appropriation for the payment thereof.

The Bonds are offered when, as and if issued and accepted by the Underwriter named below, subject to prior sale, withdrawal or modification of the offer without notice, and the approval of Kutak Rock, Pasadena, California, Bond Counsel. Certain legal matters will be passed upon for City National Bank, by one of its Associate General Counsels, for the State Teachers' Retirement System, by Fulbright & Jaworski L.P., Los Angeles, California, and for the Borrower by Robert A. Bryskin, Esq., Los Angeles, California. It is expected that delivery of the Bonds will be made to DTC on or about April 24, 1998, in New York, New York.



City of Los Angeles Industrial Development Authority
\$1,500,000 Variable Rate Demand Industrial Development
Revenue Bonds
(FirstClass Foods – Trojan, Inc. and Alliance Resources, LLC)

- The City of Los Angeles Industrial Development Authority sold two issues of bonds. The first issue sold on behalf of FirstClass Foods – Trojan, Inc. with a principal amount of \$1,500,000 and an initial interest rate of 4.50%. The second issue sold on behalf of Alliance Resources LLC with a principal amount of \$2,250,000 and an initial interest rate of 4.50%.
- The same owners own both companies, the \$2.25 million issue was for Alliance Resources, LLC to acquire and rehabilitate a new manufacturing facility and lease it to FirstClass Foods, Inc. for its operations. The \$1.50 million issue was for FirstClass Foods to acquire equipment and machinery for use in its meat processing business.
- Both issues were subject to the alternative minimum tax (AMT). The bond issues were structured as weekly variable rate demand bonds. The bonds bear interest rates as a function of the marketing of the bonds by the remarketing agent and are reset weekly based on market conditions.

California Infrastructure and Economic Development Bank

NEW ISSUE

BOOK ENTRY ONLY

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants described in "TAX EXEMPTION" herein, interest on the Series 2003 Bonds is excluded from gross income for federal income tax purposes. Bond Counsel is further of the opinion that interest on the Series 2003 Bonds is not a specific preference item for purposes of the alternative minimum tax imposed on individuals and corporations, although for purposes of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings as described in "TAX EXEMPTION" herein. Under existing laws, regulations, rulings and judicial decisions, Bond Counsel is further of the opinion that interest on the Series 2003 Bonds is exempt from all present State of California, personal income taxes. See "TAX EXEMPTION" herein for a more complete description of the opinions of Bond Counsel and additional federal tax law consequences.

RATINGS: See "RATINGS" herein.

\$41,605,000

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK REVENUE BONDS, SERIES 2003

(LOS ANGELES COUNTY DEPARTMENT OF PUBLIC SOCIAL SERVICES FACILITY)

Dated: Date of Delivery

Due: September 1, as shown on the inside cover

The California Infrastructure and Economic Development Bank Revenue Bonds, Series 2003 (Los Angeles County Department of Public Social Services Facility) (the "Series 2003 Bonds") are being issued to (a) finance the acquisition of certain real property and the improvements to be constructed and installed thereon, including an office building and accompanying parking facilities and the acquisition and installation of certain furniture, fixtures and equipment (collectively, the "Premises") which shall initially house any one or more of the County of Los Angeles' Department of Children and Family Services, Child Support Services, Mental Health, and/or Probation and Public Social Services programs, (b) pay capitalized interest on the Series 2003 Bonds during the construction of the Premises, (c) pay certain costs related to the sale and issuance of the Series 2003 Bonds, (d) pay the insurance premium for the financial guaranty insurance policy to be issued by Ambac Assurance Corporation and (e) fund a reserve fund for the Series 2003 Bonds.

The Series 2003 Bonds will be issued pursuant to Section 63000 et seq. of the Government Code of the State of California and an Indenture of Trust, dated as of July 1, 2003 (the "Indenture"), by and between the California Infrastructure and Economic Development Bank (the "Issuer") and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Pursuant to the Loan Agreement, dated as of July 1, 2003 (the "Loan Agreement"), by and between the Issuer and Vermont Village Human Services Corporation, a California nonprofit public benefit corporation (the "Borrower"), the Borrower has agreed to pay loan payments (the "Loan Payments"), to the Issuer in an amount equal to the principal of, premium, if any and interest due on the Series 2003 Bonds as provided in the Indenture. The Loan Payments to be paid by the Borrower pursuant to the Loan Agreement are payable solely from Rental Payments to be paid by the County of Los Angeles, California (the "County") to the Borrower pursuant to the Lease Agreement dated as of June 10, 2003 (the "Lease Agreement"). Under the Lease Assignment Agreement, dated August 12, 2003, the Borrower has assigned its interest in the Lease Agreement to the Trustee for the benefit of the owners of the Series 2003 Bonds.

The Series 2003 Bonds will be issued in authorized denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof as fully registered bonds. Interest on the Series 2003 Bonds, at the rates set forth on the inside cover, is payable semi-annually on September 1 and March 1 each year, commencing on March 1, 2004. The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Series 2003 Bonds, and the Series 2003 Bonds will be registered in the name of Cede & Co., as nominee of DTC. Purchasers of the Series 2003 Bonds will not receive certificates evidencing their ownership interests in the Series 2003 Bonds. So long as DTC or its nominee is the registered owner of the Series 2003 Bonds, payments of principal, premium, if any, and interest on the Series 2003 Bonds will be made by the Bond Registrar directly to DTC, which will remit such payments to Participants for subsequent distribution to the Beneficial Owners.

Payment of the principal of and interest on the Series 2003 Bonds will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series 2003 Bonds.

Ambac

The Series 2003 Bonds are subject to optional, mandatory and extraordinary redemption prior to maturity at the prices and upon the terms set forth in this Official Statement.

The Series 2003 Bonds and the Indenture under which they will be issued will state that the principal of such Series 2003 Bonds, the premium, if any, and the interest thereon shall not be deemed to constitute a debt or liability of the State of California (the "State") or any political subdivision or agency of the State. The Series 2003 Bonds are special, limited obligations of the Issuer, and the Issuer shall under no circumstances be obligated to pay the Series 2003 Bonds except from the revenues and other funds pledged therefor under the Indenture. Neither the State nor any political subdivision or agency of the State shall be obligated to pay the principal of, premium, if any, or interest on, the Series 2003 Bonds or other costs incident thereto except from the revenues and funds pledged therefor. Neither the faith and credit nor the taxing power of the State or any political subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on, the Series 2003 Bonds nor is the State or any political subdivision thereof in any manner obligated to make any appropriation for the payment thereof. The Issuer has no taxing powers.

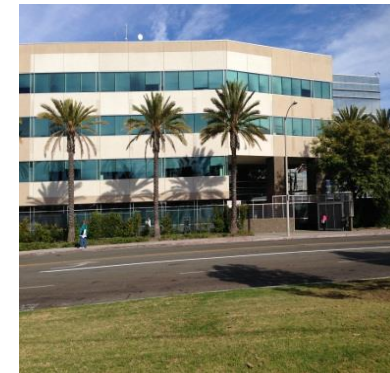
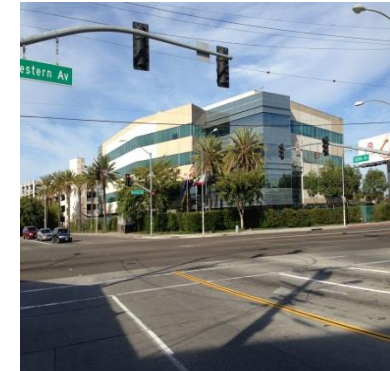
This cover page contains certain information for quick reference only. It is *not* a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Each prospective investor should read this entire Official Statement and should give particular attention to the section entitled "RISK FACTORS."

The Series 2003 Bonds are offered when, as and if issued by the Issuer, subject to prior sale, withdrawal or modification of the offer without notice, and subject to the approval of legality by Kutak Rock LLP, Bond Counsel. Certain additional legal matters will be passed upon by Kutak Rock LLP, Disclosure Counsel. Certain other legal matters will be passed upon for the Issuer by Brooke Bassett, Esq. for the Borrower by John W. Harris & Associates, for the County by Lloyd W. Pellman, County Counsel and for the Underwriters by Robinson & Pearman LLP. The Series 2003 Bonds are expected to be available for delivery in New York, New York through the facilities of DTC on or about August 12, 2003.



California Infrastructure and
Economic Development Bank

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California Infrastructure and Economic Development Bank
Los Angeles County Department of Public Social Services Facilities
\$41,605,000 Revenue Bonds
(Vermont Village Human Services Corporation)

- Vermont Village Human Services Corporation (VVHSC), a community based 501(c)(3) non-profit developer, sold through the California Infrastructure and Economic Development Bank \$41,605,000 of Revenue Bonds.
- The bond proceeds were used to fund the construction of a regional office for the County of Los Angeles Department of Public Social Services (DPSS).
- The Project involved the construction of one free standing four story building with an aggregate square footage of 88,546 rentable square feet of office space and a 542 stall parking structure.
- VVHSC receives rental payments from the County that are used as security for the revenue bonds.

California Infrastructure and Economic Development Bank
Los Angeles County Department of Public Social Services Facilities
\$41,605,000 Revenue Bonds
(Vermont Village Human Services Corporation)

Operating Lease

- The Bonds are secured by Operating Lease payments made by the County to VVHSC for use of the of the DPPS Facility.
- The County entered into an Operating Lease rather than a Capital Lease because of the Federal Government treatment of operating cost (including operating leases) related to the administration of welfare to work program.
- The County receives a Federal government subvention of approximately 90% for **OPERATING COST** related to the administration of the Federal Program, the operating lease used for the financing qualified for this subvention.
- The subvention payment for the use of a capital lease would have been 2%-6%.

California Infrastructure and Economic Development Bank
Los Angeles County Department of Public Social Services Facilities
\$41,605,000 Revenue Bonds
(Vermont Village Human Services Corporation)

Financing Considerations

- Although technically a County credit, it was not a County borrowing.
- The County had to maintain an arms length position in the financing.
- The County was not involved with the rating agency or bond insurer discussions.
- The use of an operating lease will result in the facility being owned by the non-profit VVHSC at the end of the term of the lease.
- There are renewable clauses in the lease.
- The County has the right to purchase the building beginning in 2015.



City of Atlanta – Atlanta Development Authority

\$85,000,000 Perry Bolton Tax Allocation District, Tax Allocation Bonds

- This was supposed to be the ADA's third ever tax increment-backed transaction and the initial financing for the Perry-Bolton Tax Allocation District (TAD). Proceeds from the Bonds were used to finance public infrastructure and other public facilities within the West Highlands Brownfield development in the Perry Bolton TAD.
- The TAD itself is rather large, covering approximately 500 acres, though the West Highlands project covered approximately 350 acres. The West Highlands project was called the most significant and important residential development to occur in Atlanta in a generation. The development included 576 multi-family units, 1,216 market rate single-family units, 289 affordable single-family units, and 56,000 sq. ft. of retail.
- The bonds were secured by tax increment generated in the Perry Bolton TAD. There was an initial period of capitalized interest as well as a debt service reserve fund. The estimated tax increment in 2004 was \$400,000, which grew to approximately \$9 million in 2010 when level debt service of \$7.25 million was expected.
- This represented projected coverage of 1.25x revenues to debt service as a minimum coverage requirement. Coverage was expected to reach 1.56x once development was completed in 2012 and eventually reach 2.09x at maturity.



Questions?

Hutchinson, Shockey, Erley & Co.

March 9, 2017

Thank you for Attending the Webinar

CDFA BROWNFIELDS TECHNICAL ASSISTANCE PROGRAM

*Brownfields Financing
Webinar Series*



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