



**California Infrastructure and
Economic Development Bank**

"Financing Facilities That Build Communities"

501(c)(3) Revenue Bond Program



501(c)(3) revenue bonds are a low-cost, tax-exempt financing resource for capital improvement projects of qualified nonprofit corporations. In order for a nonprofit corporation to access tax-exempt financing, it must have received a determination letter from the Internal Revenue Service stating that it qualifies as an organization as defined under Section 501(c)(3) of the Internal Revenue Code.

Eligible Applicants*

In order for an applicant to qualify for tax-exempt financing, it must be a qualified nonprofit corporation as described above. Typical examples of the purposes for which nonprofit corporations are organized include: cultural facilities such as museums, libraries, aquariums, and historic preservation; charitable organizations such as charities and foundations; recreational facilities such as community centers, local sports facilities and YMCAs; research institutes and centers; and organizations that promote other social benefits such as the prevention of cruelty to children and animals.

Eligible Uses of Bond Proceeds

501(c)(3) revenue bond proceeds may be used for the following purposes: capital expenditures, refinancing prior debt (under certain circumstances), reimbursing prior expenditures (under certain conditions), (limited) working capital, costs of issuance, capitalized interest and debt service reserve funds.

The proceeds of 501(c)(3) revenue bonds must create public benefits in the community where the project is located by enhancing the economic, social, or cultural quality of life for local residents.

The project must be located in California and be consistent with any existing local or regional comprehensive plan.

Credit Standards

Bonds issued by the I-Bank must meet established minimum credit rating standards, based either upon the credit of the applicant or a credit enhancement from a bank, insurance company or other guarantor acceptable to the I-Bank.

Benefits of 501(c)(3) Revenue Bond Financing

- > Low interest rates
- > Long-term financing
- > Flexible terms
- > Allows borrower to retain endowments and accumulated funds
- > Allows project to be completed now and repaid from future revenues

How to Apply

Applications are accepted on a continuous basis and are available on the I-Bank website. The I-Bank Board of Directors normally meets each month to consider approval of applications received at least thirty days prior to the meeting date. Additional information is available by telephone at (916) 322-1399.

**The I-Bank is statutorily prohibited from financing housing projects and generally does not issue bonds for projects that qualify for financing through other State financing authorities such as the California Educational Facilities Authority or the California Health Facilities Financing Authority. The I-Bank does not finance facilities that are used in sectarian worship or for religious indoctrination.*

Disclaimer:

Nothing contained herein should be construed or relied upon as legal advice. Instead, this information is intended to serve as an overview of the general subject of the use of tax-exempt bonds by nonprofit corporations, from which better-informed requests for advice, both legal and financial, can be formulated.

[Policies and Procedures for Revenue Bond Financing - Updated 08/2010](#)

[501\(c\)\(3\) Revenue Bond Fees \(pdf, 6k\)](#)

[Application Deadlines](#)


[501\(c\)\(3\) Revenue Bond Brochure \(pdf, 1.1MB\)](#)

[Application](#)

CONTACT:

Tara Dunn
Public Finance Specialist, Bond Financing Programs
California Infrastructure and Economic Development Bank
P.O. Box 2830
Sacramento, CA 95812-2830
E-mail: tdunn@ibank.ca.gov
(916) 322-2571 (Voice)
(916) 322-6314 (FAX)

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CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

Policies and Procedures for Conduit Revenue Bond Financing for Economic Development Facilities

Note: All capitalized terms have the same meaning as contained in Government Code Section 63000 *et seq.*

I. Eligible Projects

- A. Eligible projects include real and personal property, structures, buildings, equipment, and supporting components thereof that are used to provide industrial, recreational, research, commercial, utility, or service enterprise facilities, community, educational, cultural, or social welfare facilities and any parts or combinations thereof, and all facilities or infrastructure necessary or desirable in connection therewith, including provision for working capital, but shall not include any housing.
- B. It is the policy of the Infrastructure Bank to avoid the duplication, inefficiency, market confusion, and poor public policy outcomes that would result from State of California conduit revenue bond issuers competing to issue bonds to finance the same project or similar projects. In recognition of this policy:
 1. The Infrastructure Bank may issue bonds to finance an economic development facility project that is statutorily authorized to be financed through bonds issued by another State of California conduit revenue bond issuer if the project or a portion thereof has been previously financed by bonds issued by the Infrastructure Bank or a predecessor of the Infrastructure Bank (as of the date of the adoption of this policy, the former California Economic Development Financing Authority) and the proposed financing includes a refunding of those bonds or to otherwise finance the previously financed project.
 2. Upon receipt of an application or inquiry from a potential applicant for financing of an economic development facility project that Infrastructure Bank staff has reason to believe is statutorily authorized to be financed by bonds issued by another State conduit revenue bond issuer, and which does not fall within the scope of subparagraph 1. above, the Infrastructure Bank Executive Director shall contact the Executive Director of the other State conduit revenue bond issuer to discuss which issuer is the most appropriate to issue bonds to finance the project. Following that discussion, after taking into consideration the information shared by the Executive Director of the other State conduit revenue bond issuer, the Executive Director of the Infrastructure Bank shall determine whether to recommend the issuance of bonds for such economic development project to the Infrastructure Bank Board of Directors.
 3. In reaching the determination under sub-paragraph 2. above, the Executive Director shall consider:

3. **Minimum Denomination.** The Infrastructure Bank will require a minimum bond denomination of at least \$100,000 on private placements or limited underwritten offerings; denominations may be higher depending on the circumstances of the sale.

II. Application Content

A. **Inducement Resolutions.** A Participating Party wishing the Infrastructure Bank to adopt a resolution of preliminary intent in connection with the issuance of conduit revenue bonds, shall submit a completed project application as provided in II.B. below or may submit a pre-application that includes the following information:

1. Name, address, and legal structure of the Participating Party;
2. Name, address, telephone number, fax number, and e-mail address, if available, of the principal contact person for the application;
3. Description of Participating Party's business or mission and objectives;
4. Description, purpose and location of project;
5. Amount of financing requested;
6. Proposed sources and uses of funds for the project;
7. Description of whether the project involves a relocation from another California location. If yes, explain the reasons for the relocation;
8. Description of public benefits of the project;
9. Name, address, telephone number, fax number, and e-mail address of proposed bond counsel, underwriter/private placement agent, financial advisor, and credit enhancement provider.
10. Attachments: highest level of financial statements available for the past three years; and non-refundable application fee for \$1,500 made payable to the California Infrastructure and Economic Development Bank.

B. **Final Resolutions.** A Participating Party wishing the Infrastructure Bank to adopt a final resolution authorizing the sale of Bonds for a project, shall submit or shall have submitted in connection with the adoption of a resolution of preliminary intent, a completed project application that includes the following information:

1. Name, address, and legal structure of the Participating Party;
2. Name, address, telephone number, fax number, and e-mail address of the principal contact person for the application;
3. Names of officers of the Participating Party;
4. History and description of the Participating Party;
5. Location of project to be financed;
6. Present or proposed owner of the project site, including name and address of legal owner and terms and nature of occupancy;
7. Description of the purpose and functions of the project to be financed;
8. Description of whether the project involves a relocation from another California location. If yes, describe why the relocation is necessary;
9. Amount of financing requested;
10. Summary of the estimated cost of the project, including a sources and uses statement;

Infrastructure Bank meeting. A Participating Party may submit another pre-application for consideration at a subsequent Infrastructure Bank meeting.

Prior to the adoption of an inducement resolution, Infrastructure Bank staff shall notify the city manager, county administrator or other appropriate local official where a project is located, of the receipt of an application for financing and the date of the meeting at which an inducement resolution is to be considered.

- B. **Final Resolutions.** A Participating Party must submit one original and two copies of a project application not later than 4:00 P.M. on the 30th calendar day preceding the date of the meeting at which a Participating Party wishes the Infrastructure Bank to adopt a final resolution authorizing the sale of bonds.

Infrastructure Bank staff shall fax a letter to the Participating Party within two business days of receiving the project application indicating whether it is complete. If the application is complete, the letter shall state that the adoption of a final resolution will be placed on the agenda for the next Infrastructure Bank meeting.

If the application is not complete, the letter shall specify the deficiencies and provide the Participating Party with four business days in which to correct the deficiencies. If the required information is received within four business days, Infrastructure Bank staff shall promptly notify the Participating Party that the adoption of a final resolution will be placed on the agenda for the next Infrastructure Bank meeting. If the required information is not received within four business days, Infrastructure Bank staff shall fax a letter to the Participating Party stating that the application is still incomplete and will not be placed on the agenda for the next Infrastructure Bank meeting. A Participating Party may submit another project application for consideration at a subsequent Infrastructure Bank meeting.

- C. Inclusion of an item on the agenda means that it will be considered by the Infrastructure Bank; it does not necessarily mean that the Infrastructure Bank will adopt the requested resolution.

IV. **Public Hearing**

- A. All federal tax-exempt Bonds will be subject to a noticed public hearing known as a Tax Equity and Financial Responsibility Act (TEFRA) hearing as required by Section 147(f) of the Internal Revenue Code of 1986, as amended.

V. **Relocation**

- A. It is not the intent of the Infrastructure Bank to issue Bonds to facilitate the relocation of a project from one jurisdiction of the state to another without substantial justification. The Infrastructure Bank will carefully weigh the overall public benefits created against the detriment to the community from which the project is relocated.
- B. Participating Parties that are relocating must describe, in their application, their efforts to work with the current community before abandoning the facility. The Participating

- A. Any Participating Party that utilizes bond proceeds for construction purposes, shall certify that the contractors are properly licensed by the Contractors' State License Board.
- B. All public works projects shall comply with Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code.

VIII. Finance Team Approval

- A. The Infrastructure Bank shall have final approval of all finance team members, and consistent with State law, the State Treasurer shall have final approval of the underwriter/placement agent.

IX. State Treasurer as Agent of Sale

- A. Sale of the Infrastructure Bank's bonds shall be coordinated by the State Treasurer in accordance with Government Code Section 5702. The Treasurer shall sell the bonds within 90 days of receiving a certified copy of the final resolution authorizing the sale of bonds, unless the Board adopts a resolution extending the 90-day period.

X. Bonds Not a Liability of the State

- A. Bonds issued by the Infrastructure Bank do not constitute a debt or liability of the State or of any political subdivision thereof, other than the Infrastructure Bank or a special purpose trust, and do not constitute a pledge of the full faith and credit of the State or any of its political subdivisions, other than the Infrastructure Bank or special purpose trust, but are payable solely from the funds provided therefor under the Act and shall be consistent with Sections 1 and 18 of Article XVI of the California Constitution.
- B. All the bonds shall contain on the face thereof a statement to the following effect: "Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of, or interest on, this bond."

XI. Bank Indemnity

- A. Each Participating Party will be required, as part of bond documentation, to provide indemnities to the Infrastructure Bank, their members, officers, agents and employees.

XII. Other

- A. The Infrastructure Bank retains the right to entertain exemptions or waivers to those portions of the policies and procedures not required by law. If an exemption or waiver is requested of the Infrastructure Bank, additional time may be required for the application process.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK
Fee Schedule for all Conduit Revenue Bonds

Application Fee: \$1,500 due at time of application (nonrefundable).

Issuance Fee: (1)

Up to \$10 million	.25%
\$10 to \$15 million	\$25,000, plus .15% of the amount above \$10 million
\$15 to \$20 million	\$32,500, plus .10% of the amount above \$15 million
\$20 to \$95 million	\$37,500, plus .05% of the amount above \$20 million
Over \$95 million	\$75,000

(1) The issuance fee shall be payable upon bond closing. The State Treasurer's fee for serving as agent for sale will be deducted from the issuance fee and be paid at closing.

Annual Fee: \$500 per year, or a portion thereof, until the bonds are redeemed.



2012 I-Bank Board Meetings

980 9th Street, 2nd Floor Conference Center, Sacramento, CA 95814

Board Meeting Date

~~JANUARY – Tuesday, January 31, 2012, at 1:30 p.m.~~
Meeting Cancelled

FEBRUARY – Tuesday, March 6, 2012, at 1:30 p.m.

MARCH – Tuesday, March 27, 2012, at 1:30 p.m.

APRIL – Tuesday, April 24, 2012, at 1:30 p.m.

MAY – Tuesday, May 22, 2012, at 1:30 p.m.

JUNE – Tuesday, June 26, 2012, at 1:30 p.m.

JULY – Tuesday, July 24, 2012, at 1:30 p.m.

AUGUST – Tuesday, August 28, 2012, at 1:30 p.m.

SEPTEMBER – Tuesday, September 25, 2012, at 1:30 p.m.

OCTOBER – Tuesday, October 23, 2012, at 1:30 p.m.

NOVEMBER – Tuesday, November 13, 2012, at 1:30 p.m.

DECEMBER – Tuesday, December 11, 2012, at 1:30 p.m.

Bond Programs Application Deadline

Monday, January 2, 2012

Monday, February 6, 2012

Monday, February 27, 2012

Monday, March 26, 2012

Monday, April 23, 2012

Tuesday, May 29, 2012

Monday, June 25, 2012

Monday, July 30, 2012

Monday, August 27, 2012

Monday, September 24, 2012


Monday, October 15, 2012

Tuesday, November 13, 2012



CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-BANK)

501(C)(3) BOND APPLICATION

 An electronic version of this form can be obtained from the I-BANK website at <http://www.ibank.ca.gov/>. When completing the form electronically, use your TAB key to advance from one section to the next. To select a box, click on it.

1. DATE SUBMITTED

2. DATE RECEIVED BY I-BANK

APPLICANT INFORMATION

3. LEGAL NAME OF APPLICANT

4. DATE ORGANIZED

5. MAILING ADDRESS OF APPLICANT
(include city/county/state/zip code)

6. PRIMARY CONTACT INFORMATION

Name:
Title:
Address (if different):
Telephone:
Fax:
E-mail:
Website:

7. HOW DID YOU HEAR ABOUT THE I-BANK?

FINANCING INFORMATION

8. PRINCIPAL AMOUNT: \$ _____ TAX-EXEMPT \$ _____ TAXABLE \$ _____

9. PROPOSED CLOSING DATE

10. MATURITY
_____ Years

11. INTEREST RATE MODE
 Fixed Variable

12. TYPE OF OFFERING
 Public Offering
 Private Placement

13. MINIMUM
DENOMINATIONS
\$ _____

14. CREDIT ENHANCEMENT
 None
 Letter of Credit
 Bond Insurance
 Other (specify): _____

15. NAME OF CREDIT ENHANCEMENT PROVIDER OR
PRIVATE PLACEMENT PURCHASER
(IF ANY):
 Credit Enhancement Provider: _____
 Private Placement Purchaser: _____

16. EXPECTED CREDIT RATING
 S&P _____
 Moody's _____
 Fitch _____
 Unrated

17. TYPE OF FINANCING: Acquisition of Existing Facility New Construction Refunding

PRINCIPAL FINANCE TEAM INFORMATION

18. UNDERWRITER/PRIVATE PLACEMENT AGENT
Contact:
Title:
Firm:
Telephone:
Fax:
E-mail:

19. BOND COUNSEL
Contact:
Title:
Firm:
Telephone:
Fax:
E-mail:

**HISTORY OF APPLICANT INCLUDING APPLICANT'S
MISSION AND OBJECTIVES**

Note: If applicant is affiliated in any respect with a religious organization, please explain.

ATTACHMENT C

PURPOSE AND DESCRIPTION OF EACH FACILITY OR PROJECT TO BE FINANCED

Also include estimated timeline with start and completion dates. For construction projects, provide the name of the construction company or developer completing the work. For property acquisition, provide the name of the seller.

COMPREHENSIVE DESCRIPTION OF PROJECT PUBLIC BENEFITS

Please provide a comprehensive description of the organization's public benefits, as well as any that are associated with the facilities being financed. Examples include economic, cultural, educational, and environmental benefits. Any job creation should also be listed. *All 501(c)(3) projects approved through the I-Bank must provide clearly defined public benefits*.*

*Note: If the financing is a refunding, please also provide an analysis of the cost savings, including the following:

- debt service savings by year;
- present value (PV) of total savings;
- the ratio of PV savings to the par amount of refunded debt; and
- if no cost savings, state the reason for the refinancing.

For the debt to be refunded, please provide the following:

- name of issuer;
- name, year and series of the bonds;
- amount of bond issue/loan;
- amount currently outstanding;
- interest rate;
- maturity date;
- brief description of the purpose of the original debt; and
- state whether original project is complete.

PROJECT SOURCES AND USES OF FUNDS

Please provide a comprehensive accounting of the project, including all sources of funds (bond funds, equity, donations, etc.) and all uses of these funds.

APPLICANT LEGAL QUESTIONNAIRE

For purposes of the following questions, the term "Applicant" shall include, in addition to the entity itself, the President or Chief Executive Officer (or their equivalent), and the Treasurer or Chief Financial Officer (or their equivalent).

1. Has the Applicant filed for bankruptcy or defaulted on a loan or guarantee in the past 10 years? If so, please explain.

2. Is the Applicant currently a party to any civil litigation that may materially and negatively affect the financial condition of the Applicant? If so, please explain.

3. Have there been any administrative, criminal or civil settlements, decisions or judgments concerning the Applicant currently or within the prior 10 years, which materially and negatively affected the financial condition of the Applicant? If so, please explain. As used in this question, "administrative" means a licensing or accreditation agency or a state or federal taxing authority.

4. Is the Applicant currently subject to any civil proceeding or investigation by a licensing or accreditation agency or by a state or federal taxing authority? If so, please explain.

5. In the last 10 years has the Applicant been convicted of any crime? If so, please explain.

6. Is the Applicant currently subject to criminal indictment or the subject of any criminal proceeding or investigation? If so, please explain.

LIST OF OUTSTANDING TAX-EXEMPT DEBT

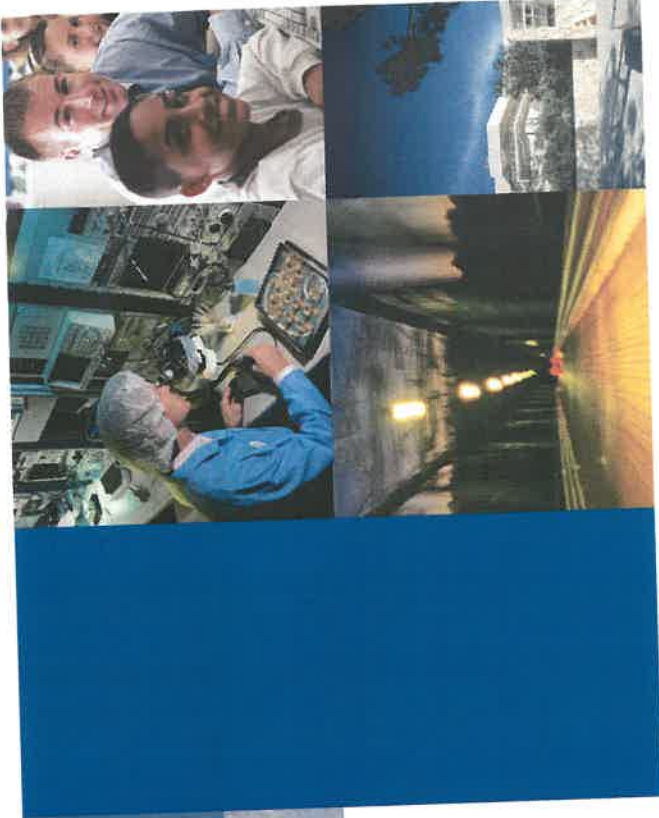
ATTACHMENT M

FINANCIAL STATEMENTS FOR THE THREE MOST RECENT FISCAL YEARS

California Infrastructure and Economic Development Bank (I-Bank)

The I-Bank is a State of California financing authority that promotes the economic growth, quality of life and revitalization of California communities through low-cost financing of infrastructure and economic development projects. The I-Bank's programs include the *Infrastructure State Revolving Fund Program*, which provides low-cost, long-term financing to local governments for a variety of public infrastructure projects, and the *Revenue Bond Financing Program*, which provides tax-exempt Industrial Development Revenue Bond financing to qualified manufacturing companies, tax-exempt 501 (c)(3) Revenue Bond financing to nonprofit corporations, and other tax-exempt revenue bond financing to public agencies.

This brochure explains 501(c)(3) Revenue Bond financing. For more information on the I-Bank, please see our website at www.ibank.ca.gov.



Low-Cost Financing for Nonprofit Capital Improvement Projects

501(c)(3) Revenue Bonds



I-BANK

California Infrastructure and Economic Development Bank

P.O. Box 2830
Sacramento, CA 95812-2830
916.322.1399 phone
916.322.6314 fax
www.ibank.ca.gov



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