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**Farmers & Merchants Bank (F&M) & Clearinghouse CDFI  
Solidify \$30 Million Financing to Enable Expansion of  
Orange County High School of the Arts (OCHSA)**

SANTA ANA, Calif., Dec. 13, 2010 – A complex, \$30 million financing deal enabling the expansion of Orange County High School of the Arts (OCHSA) closed escrow today. Key players in the financing were Farmers & Merchants Bank (F&M), Clearinghouse CDFI and several private supporters of OCHSA, all through US Treasury Department's New Markets Tax Credit Program.

The complicated transaction has three key elements: purchase of the former OC Pavilion building on Main Street in Santa Ana, which will become the OCHSA Center for the Arts with the new Margaret A. Webb Theater serving as the school's premier performance venue; purchase of a building south of the existing campus to serve as the new visual arts facility; and refinancing and renovation of three existing OCHSA buildings.

The **New Markets Tax Credit (NMTC) Program** was established in 2000 as part of the Community Renewal Tax Relief Act of 2000. The goal of the program is to spur revitalization efforts of low-income and impoverished communities across the United States and Territories. The NMTC Program provides tax credit incentives to investors for equity investments in certified Community Development Entities, which invest in low-income communities. A Community Development Entity must have a primary mission of investing in low-income communities and persons. Farmers & Merchants Bank acted as the sole equity investor for the transaction, and Clearinghouse CDFI acted as the sole certified CDE.

“We are thrilled to have such committed community partners such as Farmers & Merchants Bank and Clearinghouse CDFI to help us undertake a project of this scale,” said Ralph S. Opacic, Ed.D., president and executive director of OCHSA. “We are indebted to both Farmers & Merchants Bank and Clearinghouse CDFI for helping us finance our expansion goals, along with a small group of private supporters who have been superb in their loyalty and generosity to our school and its programs. Rather than engaging in expensive new construction, we have chosen to engage in low interest financing and adaptive reuse of commercial buildings in our neighborhood, a more fiscally prudent alternative that will also have a more immediate impact on our students.”

Opacic added, “This is an exciting time for us, but our pursuit of our dream is far from over. We are now embarking on a mission to raise \$21 million to repay the loans over the next seven years and are continuing to seek support from the community.”

The New Markets Tax Credit Program is an attractive option mainly for those lending institutions that have remained profitable during the economic turmoil and therefore could still benefit from federal tax credits. Farmers & Merchants Bank, considered the strongest bank in California with a 103-year track record, was one of a small number of banks that have remained solid and continued to demonstrate profitability.

“While most banks have not been able to engage in this program, Farmers & Merchants Bank has demonstrated sufficient financial profitability to benefit from the federal tax credits as well as remain an institution with a continuity of credit available to support funding initiatives for our customers, including community benefit initiatives of this type,” said F&M CEO W. Henry Walker.

Serving the community is the bedrock of Farmers & Merchants Bank and it is a value that Walker takes seriously. “The concepts of community, longevity and growth are pillars of the Farmers & Merchants organization and are the foundation of our corporate structure,” said Walker. “When we were presented with an opportunity to powerfully enhance

OCHSA's mission in support of arts education locally, and also play an instrumental role in the revitalization of the area landscape, we were thrilled with the opportunity to exemplify the same principles that have been critical to our own success for over 100 years."

Clearinghouse CDFI has been instrumental in driving the financing for this program and speaks to the Clearinghouse commitment to help improve economically distressed areas. Clearinghouse CEO Douglas Bystry said, "We are very proud to be a part of the OCHSA expansion and the positive benefits it will bring to the City of Santa Ana. We are excited that this expansion will allow for more low-income students to attend this tuition-free high school specializing in the arts."

***About Farmers & Merchants Bank:***

C.J. Walker founded Farmers & Merchants Bank in Long Beach in 1907. Celebrating more than 100 years of community service and strength, the bank currently has a staff of nearly 600 employees throughout Southern California. In addition to being a full service bank, F&M specializes in commercial and small business banking along with various business loan programs. Farmers & Merchants Bank continues to be one of the strongest banks in the country as measured by a variety of industry standards.

***About Clearinghouse CDFI:***

Clearinghouse Community Development Financial Institution (CDFI) is a for-profit direct lender that provides economic opportunities and improves the quality of life for lower-income residents and communities through innovative and affordable financing. Clearinghouse CDFI is very active in the New Markets Tax Credit Program having received more allocation than any other CDFI based in California. They are headquartered in Lake Forest, but make loans throughout the state.

***About Orange County High School of the Arts:***

The nationally recognized Orange County High School of the Arts (OCHSA) provides a creative, challenging and nurturing environment that offers bright and talented students unparalleled preparation for higher education and a profession in the arts. Established in 1987, the school currently serves more than 1,550 students in grades 7-12. OCHSA is one of the top scoring academic schools in the State of California. The school has an API score of 901 and offers one of the top four public high school academic programs in Orange County. It is the only specialized arts program of its kind in the region to offer tuition-free academic and arts instruction to students from Orange, Los Angeles, Riverside, San Bernardino and San Diego counties. The non-profit school relies solely on private and corporate donations, totaling \$5 million annually, to fund the 11 arts conservatories offered. [www.ocsarts.net](http://www.ocsarts.net).