

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

STAFF REPORT

EXECUTIVE SUMMARY	
Applicant:	The California Science Center Foundation (the "Borrower" or "Foundation")
Par Amount Requested:	\$175,000,000
Applicant Description:	The Foundation is a 501(c)(3) nonprofit public benefit corporation created to support the operations of the California Science Center (the "Center"), which is also known as the Sixth District Agricultural Association, an institution within the State of California under the Natural Resources Agency. The Foundation raises funds to support exhibits and education programs for the Center's facilities (the "Museum"), and manages exhibitions and programs of scientific, educational, and industrial interest and other operations under agreements with the Center.
Type of Financing:	Conduit Tax-Exempt Fixed Rate Bonds in one or more Series (the "Bonds")
Project Description	The proceeds of the Bonds will be used to: (i) finance and/or reimburse the costs of a portion of (a) the construction, acquisition, furnishing, and equipping of the Samuel Oschin Air and Space Center, which is intended to be an approximately 200,000 square foot addition to the Museum's main building to provide exhibit galleries, a display facility for the Space Shuttle Endeavour, and certain support space (the "Air and Space Center Construction Component"), and (b) the acquisition and equipping of certain exhibits to be displayed in the Samuel Oschin Air and Space Center (the "Air and Space Center Exhibit Component" and together with the "Air and Space Center Construction Component", the "Phase III Improvements"), (ii) pay capitalized interest on the Bonds, and (iii) pay certain costs in connection with the issuance and sale of the Bonds (collectively, the "Project").
Potential Project Site:	700 Exposition Park Drive, Los Angeles, California 90037 Los Angeles County
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
Term:	33 years
Credit Enhancement:	None
Credit Rating:	S&P A-; Moody's A3
IBank Fees:	Application Fee \$4,000; Issuance Fee \$100,000; Initial Annual Fee \$3,000 per year
STO Fees:	Agent for Sale \$10,000

SOURCES AND USES			
Estimated Sources Funds:		Estimated Uses Funds:	
Tax-exempt Bonds Proceeds	\$175,000,000	Shuttle Acquisition and Exhibits (Completed)	\$29,000,000
Borrower Funds	\$200,000,000	Samuel Oschin Air and Space Center Improvements and Exhibits	\$321,000,000
		Capitalized Interest Fund	\$23,500,000
		Cost of Issuance	\$1,500,000
TOTAL SOURCES	\$375,000,000	TOTAL USES	\$375,000,000

FINANCING TEAM	
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Underwriter:	Morgan Stanley
Municipal Advisor:	BLX Group
Trustee:	Wells Fargo Bank, N.A.
Public Benefits:	The Foundation focuses on making science learning widely accessible. The Foundation conducts summer camps, offers paid internships, offers a science curriculum for schools, and conducts virtual field trips during the COVID-19 pandemic. The Bonds will provide needed proceeds for the completion of the Phase III Improvements. When complete, the Phase III Improvements will provide the public an opportunity to learn about space exploration in general, and more specifically, the Space Shuttle Endeavor. The Phase III Improvements are expected to result in 350 full time construction jobs for the Air and Space Center Construction Component and 150 jobs for the Air and Space Center Exhibit Component. When completed, the Phase III Improvements will result in the creation of 74 full time and 53 part time jobs. Additionally, the Borrower intends for the Phase III Improvements to achieve LEED Silver certification, which means the Phase III Improvements will achieve environmental benefits as compared to standard construction methods.
Date of Board Meeting:	September 22, 2021
Resolution Number:	21-14
Prepared by:	John Belmont
Date Prepared:	August 31, 2021
Staff Recommendation:	Staff recommends approval of Resolution No. 21-14 authorizing the issuance of Conduit Tax-Exempt Fixed Rate Bonds in an aggregate amount not to exceed \$175,000,000 for the benefit of the Foundation.

BACKGROUND AND HISTORY

The Center

In 1933, the State Legislature established the Center. The Center, within the Natural Resources Agency, is authorized to construct, maintain, and operate recreational and cultural facilities of general interest. The Center is governed by a nine-member Board of Directors appointed by the Governor and separate from the Foundation's board.

The Foundation

The Foundation was founded in 1950 as Exposition Park Associates (renamed the California Museum Foundation of Los Angeles in 1958) to support education and exhibit programs in association with the Museum of Science and Industry, a State-owned Museum established under the California Food and Agriculture Code. In 1997, the California Museum Foundation of Los Angeles was renamed the California Science Center Foundation, and the Museum of Science and Industry was renamed the California Science Center. The Foundation is a California non-profit public benefit organization created to support operations of the Center. The Foundation and the Center are separate legal entities with separate funding sources and obligations. The State provides the Center with an annual appropriation to pay its basic operating costs and the Foundation raises funds to develop new exhibits and advance educational programs featured at the Museum. Under agreements with the Center, the Foundation manages exhibitions and programs of scientific, educational, and industrial interest and performs other operations at the Museum.

The Museum

The Museum is located in Exposition Park, in downtown Los Angeles, California. The Museum is accredited by or affiliated with the American Alliance of Museums, the Association of Science and Technology Centers, the Association of Zoos and Aquariums, the International Special Events Society, the Museum Store Association, and the Smithsonian Institution. The Museum is also affiliated with the National Aeronautics and Space Administration ("NASA").

In 1988, the Foundation began to implement a master plan to: (1) remodel the Museum to create a public institution for informal science learning, and (2) improve Exposition Park (the "Master Plan"). Phase I of the Master Plan was completed in 1998 and Phase II was completed in 2010, both on time and within budget. The Foundation and the Center are currently implementing the final phase of the Master Plan, which will be funded in part with proceeds of the 2021 Bonds. As described above, the final phase consists of the Phase III Improvements. The Phase III Improvements are projected to open in 2025 and will integrate into exhibits authentic artifacts, including a collection of aircraft, spacecraft, and educational materials.

Outstanding Debt

In October 2016, IBank issued the 2016 Series A Bonds and 2016 Series B Bonds ("2016 Phase II Refunding Bonds"). The 2016 Phase II Refunding Bonds are currently outstanding in the principal amount of \$37,535,000 and have a final maturity on May 1, 2031. The proceeds of the 2016 Phase II Refunding Bonds were used to refund all of the outstanding IBank 2006 Series A and 2006 Series B Bonds ("2006 Phase II Bonds"). The proceeds of the 2006 Phase II Bonds were used by the Foundation to finance a portion of Phase II of the Master Plan for the Museum. (Details on **Table I**)

Table I – The Foundation’s IBank Issued Outstanding Debt

Bond Issue	Par Amount	Outstanding	Final Maturity	Purpose
2016 Series A	\$20,085,000	\$14,815,000	5/1/2031	IBank Revenue Bonds 2016 Series A & B were issued to refund the 2006 Series A & B Bonds.
2016 Series B	\$30,750,000	\$22,720,000	5/1/2031	
Total	\$50,835,000	\$37,535,000		

The California Secretary of State reports active status for the Borrower.

Current leadership is listed in **Appendix A**.

PROJECT DESCRIPTION

The Borrower is requesting that IBank issue conduit tax-exempt fixed-rate revenue bonds (the “Bonds,” as defined above) and loan the proceeds to the Foundation. The Foundation will use the proceeds to: (i) finance and/or reimburse the costs of a portion of (a) the construction, acquisition, furnishing, and equipping of the Samuel Oschin Air and Space Center, which is intended to be an approximately 200,000 square foot addition to the Museum’s main building to provide exhibit galleries, a display facility for the Space Shuttle Endeavour, and certain support space (as defined above, the “Air and Space Center Construction Component”), and (b) the acquisition and equipping of certain exhibits to be displayed in the Samuel Oschin Air and Space Center (as defined above, the “Air and Space Center Exhibit Component” and together with the “Air and Space Center Construction Component”, as defined above, the “Phase III Improvements”), (ii) pay capitalized interest on the Bonds, and (iii) pay certain costs in connection with the issuance and sale of the Bonds (collectively, as defined above, the “Project”).

The Phase III Improvements are currently estimated to cost approximately \$350 million. Of this total, the Foundation has spent \$70.9 million to bring Space Shuttle Endeavour to Los Angeles, build the Samuel Oschin Space Shuttle Endeavour Pavilion, and create the plans for the Phase III Improvements. Approximately \$175 million of the Phase III Improvements will be funded through the issuance of the 2021 Bonds, with the remainder funded from proceeds of the Foundation’s fundraising campaign. In addition, the State of California has pledged \$72.9 million in total annual lease payments over 30 years to begin upon completion of the Project. The Center will maintain ownership and operations of the Phase III Improvements.

As a result of the COVID-19 pandemic, the Museum was closed to the public from March 16, 2020 through March 27, 2021. In order to offset the lost revenues, the Foundation implemented cost reduction efforts, including deferring professional services contracts and suspending licensing arrangements. Some employees were furloughed indefinitely. The Foundation furloughed 155 employees and laid off 49 employees. The Foundation’s total pre-pandemic employment was 320 employees. For a period of three fiscal years, (including budgeted projection through the fiscal year ending June 30, 2022), pandemic related lost revenues are projected to total approximately \$17.6 million. The Foundation plans to offset these losses by \$13.4 million in reduced expenses and \$10.5 million in relief funding. The Foundation is hopeful that attendance in the Museum will return to pre-pandemic levels (above 2 million) in the 2022-23 fiscal year.

(See Appendix B--Project Photos)

FINANCING STRUCTURE

IBank Term Sheet

The California Science Center Foundation

Board Meeting Date: 9/22/2021

Par Amount:	Not to exceed \$175,000,000; in one or more tax-exempt series
Type of Offering:	Public Offering
Underwriter:	Morgan Stanley
Credit Enhancement:	None
Credit Rating:	S&P Global Ratings: "A-" Moody's Investors Services: "A3"
Interest Rate*:	True interest cost not to exceed 6.00%
Expected Maturity*:	May 1, 2054
Expected Collateral*:	Gross Revenue Pledge terminating upon the 2016 Bonds no longer being Outstanding
Expected Closing Date*:	October 21, 2021
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, Expected Maturity, Expected Collateral, and Expected Closing Date are subject to change.

Financing Structure

The Bonds will be issued via publicly offered transaction under and secured by an Indenture. The Bonds are issuable as fully registered Bonds and will be issued in minimum denominations of \$5,000 or any integral multiple thereof.

The Foundation will grant a security interest in its gross revenues and a fund holding accumulated gross revenues (together, the "Collateral") to the Trustee, for the benefit of the Bond holders in order to secure the Foundation's obligation to pay debt service on the Bonds. This security pledge will be on equal priority with an earlier pledge of the Foundation to the Trustee for the benefit of the holders of the 2016 Phase II Refunding Bonds. The Foundation expects that the Indenture securing the Bonds will provide for the release of the Collateral pledge when the 2016 Phase II Refunding Bonds are all retired.

The Bonds will not be secured by a debt service reserve fund.

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. Neither IBank, nor any of the members of its Board of Directors, nor any of its officers or employees, nor any person executing the transaction documents on behalf of IBank shall be personally liable for the Bonds or subject to any personal liability or accountability by reason of the execution thereof. The 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

The Foundation focuses on making science learning widely accessible to everyone in the community. The Foundation conducts summer camps, offers paid internships, offers a science curriculum for schools, and holds summer camps. The Foundation also conducted virtual field trips during the COVID-19 pandemic. The Bonds will provide needed proceeds for the completion of the Phase III Improvements. When complete, the Phase III Improvements will provide the public an opportunity to learn about space exploration in general, and more specifically, the Space Shuttle Endeavor.

The Phase III Improvements are expected to result in 350 full time construction jobs for the Air and Space Center Construction Component and 150 jobs for the Air and Space Center Exhibit Component. When completed, the Phase III Improvements will result in the creation of 74 full time and 53 part time jobs. Additionally, the Borrower intends for the Phase III Improvements to achieve LEED Silver certification, which means the Phase III Improvements will achieve environmental benefits as well.

OTHER PROJECT DATA

PERMITS AND APPROVAL	
Required? Yes	If Yes, Describe: State Architect reviewing plans for access compliance; State Fire Marshall for fire code; Department of General Services inspecting construction.
TEFRA	
Date of TEFRA Publication: 9/13/2021	Publications: <i>Sacramento Daily Recorder</i> and <i>Los Angeles Metropolitan News-Enterprise</i>
Date of TEFRA Hearing: 9/20/2021, 10 AM	Oral/Written Comment: No or Yes, If yes explain: N/A

ELIGIBILITY REVIEW	
Applicants meets all the IBank eligibility criteria? Yes	<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 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? Yes, No, N/A	Certificate Number: _____ Date: _____

RECOMMENDATION

Staff recommends approval of Resolution No. 21-14 authorizing the issuance of Conduit Tax-Exempt Fixed Rate Bonds in an aggregate amount not to exceed \$175,000,000, for the benefit of The Foundation.

APPENDIX A: GOVERNANCE AND MANAGEMENT

BOARD OF DIRECTORS	
Chris J. Warmuth, Chair	President, Retired, City National Bank Manhattan Beach, CA
Andrew J. Sale, Secretary/Treasurer	Global Client Service Partner, Ernst & Young, LLP La Verne, CA
Gil Garcetti – Immediate Past Chair	Owner, Gil Garcetti Photography Los Angeles, CA
Raul A. Anaya	Head of Business Banking, Bank of America Pasadena, CA
Betty B. Anderson	Chair Emeritus, Friends of the School Volunteer Program of Los Angeles, La Canada, CA
Wallis H. Annenberg	Chairman, President and CEO, The Annenberg Foundation, Los Angeles, CA
Andrew F. Barth	Chairman, Retired, Capital Guardian Trust Company, San Marino, CA
Janis Berman	Government Relations Advisor, Los Angeles, CA
Lisa Biscaichipy	Co-Founder, eSalon.com LLC Pacific Palisades, CA
Jamie Callahan	Deputy Cabinet Secretary, Office of Governor Gavin Newsom, Sacramento, CA
Nora Chaves	President, Marbella Management, Inc Manhattan Beach, CA
Cabot Connery	Student, East Boothby ME
Zubin Davar	Head of Business Development, Google Los Angeles, CA
Patrick W. Dennis	Partner, Retired, Gibson, Dunn & Crutcher, LLP Beverly Hills, CA
Matthew B. Dubeck	Partner, Gibson, Dunn & Crutcher, LLP South Pasadena, CA
Kathleen M. Duncan	Thomas and Dorothy Leavey Foundation Los Angeles, CA
Marvin Elkin	Corporate Vice President, Chief Human Resources & Administrative Officer, Retired, Northrop Grumman Corporation, Los Angeles, CA
Alan J. Fohrer	Chairman and CEO, Retired, Southern California Edison, Arcadia, CA
Juan J. Fontenla	Vice President, J.P. Morgan Private Bank Los Angeles, CA
Robert L. Frazier, III	Chief Executive Officer and Chief Operating Officer, Frazier Aviation, Inc., Calabasas, CA
Allan M. Frew	Vice President, Retired, Northrop Grumman Space Systems, Rancho Palos Verdes, CA
Billie C. Greer	Public Policy Advisor, Los Angeles, CA
Jennifer Haley	President and CEO, Kern Oil & Refining Company Rancho Palos Verdes, CA
Diane Hamwi	Principal, DCH Advisors, Inc., Calabasas, CA
Lisa D. Hansen	Chairman and Trustee, Kenneth T. and Eileen L. Norris Foundation, Rolling Hills, CA

Daniel M. Hart	President and CEO, Virgin Orbit Long Beach, CA
Barbara B. Henderson	Senior Vice President, Worldwide Communications, Retired, Herbalife, Los Angeles, CA
Alan Hoffman	Executive Vice President, Global Corporate Affairs, Herbalife Nutrition, Pacific Palisades, CA
Marvin L. Holen	Partner, Van Petten & Holen, Los Angeles, CA
Robert W. Huston	Chairman, Watson Land Company, Pasadena, CA
The Honorable Reginald Jones-Sawyer, Sr.	Assemblymember, 59th District, California State Assembly, Los Angeles, CA
Perlette M. Jura	Partner, Gibson, Dunn & Crutcher, LLP Pasadena, CA
The Honorable Sydney K. Kamlager	Senator, 30th District, California State Senate View Park, CA
David Knight	Chief Executive Officer, Terbine, Las Vegas, NV
Hans Koenigsmann	Senior Advisor, SpaceX, San Pedro, CA
Wallis Laughrey	Vice President of Strategy & Chief Transformation Officer, Raytheon Intelligence & Space Redondo Beach, CA
Stephanie Leshney	Founder/President, Dabble & Dollop, LLC Long Beach, CA
Jennifer Lin	Managing Partner, Gonring Lin Spahn Los Angeles, CA
Oneida Lizarraga	Parent Education Coordinator, TELACU Education Foundation Glendora, CA
Arthur Lofton	Sector Vice President, Global Mission Excellence, Retired, Northrop Grumman Aeronautic Systems Huntington Beach, CA
Kira Reed Lorsch	President, The RHL Group, Los Angeles, CA
Steven D. Lotwin	Partner, Capital Group Companies Hidden Hills, CA
Lisa Margolis	President, Margolis Family Foundation Rolling Hills, CA
Jim Maser	Senior Vice President, Space Business Unit, Aerojet Rocketdyne, Manhattan Beach, CA
Kenneth T. McBride	Chairman and Chief Executive Officer, Stamps.com Palos Verdes Estates, CA
Stuart C. McMullen	Managing Partner, KPMG, LLP, Denver, CO
Martin R. Melone	Partner, Retired, Ernst & Young, LLP La Canada Flintridge, CA
The Honorable Holly J. Mitchell	Supervisor, 2nd District, Los Angeles County Board of Supervisors, Los Angeles, CA
Julie Lytle Nesbit	Executive Vice President and Executive Director, Philanthropic Services, Whittier Trust Company La Canada Flintridge, CA
Nanci E. Nishimura	Partner, Cotchett, Pitre & McCarthy, LLP San Mateo, CA
Margo Leonetti O'Connell	President and Director, Leonetti/O'Connell Family Foundation, Los Angeles, CA
Lynda Oschin	Chairperson and Secretary, Mr. and Mrs. Samuel Oschin Family Foundation, Los Angeles, CA

Adam Parrish	Partner, Deloitte & Touche, LLP, Moorpark, CA
George L. Pla	President and Chief Executive Officer, Cordoba Corporation, Newport Beach, CA
Steven D. Powell	Executive Vice President, Operations, Southern California Edison, West Covina, CA
The Honorable Curren D. Price, Jr.	Councilmember, 9th District, Los Angeles City Council, Los Angeles, CA
The Honorable Mark Ridley-Thomas	Councilmember, 10th District, Los Angeles City Council, Los Angeles, CA
Kenneth L. Robinson	Vice President, Maritime/Land Systems & Sensors and Field Engineering, Northrop Grumman Mission Systems, Inc., Rancho Palos Verdes, CA
Alex J. Rose	Senior Vice President, Development, Continental Development Corporation, Newport Coast, CA
Reon Roski	Managing Director, Majestic Realty Company Toluca Lake, CA
Martha Saucedo	Chief External Affairs Officer, AEG Altadena, CA
Rodger R. Schwecke	Senior Vice President and Chief Infrastructure Officer, Southern California Gas Company Cerritos, CA
Jeffrey Shockey	Senior Vice President, Global Government Relations, Raytheon Technologies, Potomac, MD
Stanley Shuster	President, Grand Havana Enterprises, Inc. Beverly Hills, CA
John N. Sinnema	California Regional Executive, U.S. Bank Private Wealth Management, Porter Ranch, CA
Cynthia Lee Smet	The John H. and Cynthia Lee Smet Foundation Hermosa Beach, CA
Hal D. Snyder	Chief Human Resources and Administrative Officer, Retired, Southern California Gas Company Rancho Palos Verdes, CA
Thomas L. Soto	Managing Partner, Diverse Communities Impact Fund, Santa Monica, CA
Christopher Thompson	Vice President, Government Relations, LA28 Pasadena, CA
Philip Tseng	Managing Director, BlackRock Beverly Hills, CA
Jon Vein	President, Los Angeles Convention and Tourism Development Board of Commissioners Los Angeles, CA
Howard Wang	Managing Director, Ares Management LLC Cerritos, CA
Fabian R. Wesson	Assistant Deputy Executive Officer/Public Advisor, Legislative, Public Affairs & Media, Retired, South Coast AQMD, Los Angeles, CA
Amelia D. Williamson	CEO and Chief Strategist, AWA Consults Los Angeles, CA
Adam Winnick	Owner, Caravan Management LLC Beverly Hills, CA
Scott Witter	Executive Vice President, Personal & Business Banking, City National Bank, San Marino, CA
Suzanne Wright	Trustee, Ibrahim El-Hefni Technical Training Foundation, Beverly, MA

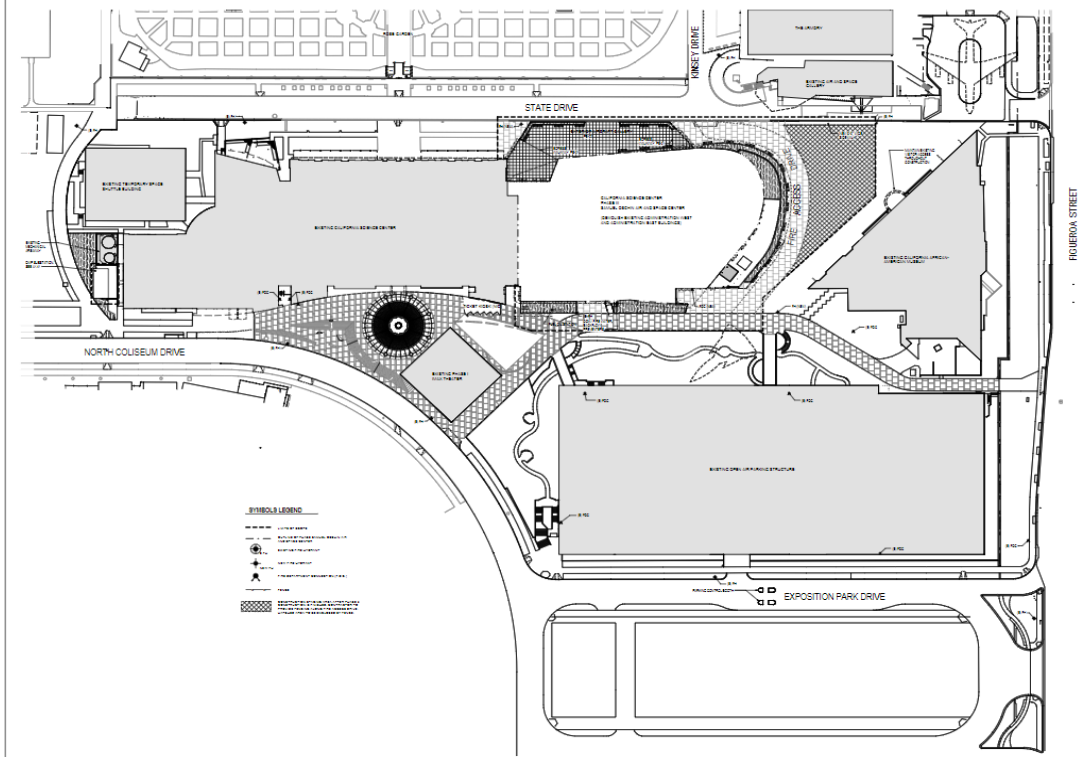
Officers	
Jeffrey Rudolph	President
Genevieve Dunaway	Chief Financial Officer
Paul Watanabe	Interim Chief Operations Officer
Alyson Goodall	Chief Advancement Officer
Shell Amega	Chief Communications Officer

Note Regarding California Science Center Foundation Board Members

Matthew Dubeck, a member of the Foundation's Board of Trustees, is married to M. Elizabeth Dubeck, a partner at O'Melveny & Myers LLP ("OMM"). OMM is counsel to the Foundation in connection with the issuance of the Bonds. The Foundation has determined this relationship does not pose a conflict of interest that would require his recusal in connection with any vote on the Bond financing.

APPENDIX B: PROJECT PHOTOS

Overall Site Plan



Phase III Site Plan

