

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

STAFF REPORT

EXECUTIVE SUMMARY	
Applicant:	The J. Paul Getty Trust ("Borrower" or "Getty Trust")
Par Amount Requested:	\$215,000,000
Applicant Description:	The J. Paul Getty Trust, a 501(c)(3) non-profit organization, is a charitable trust and private foundation, operating museums and research facilities dedicated to the enjoyment, study, and conservation of the visual arts and humanities.
Type of Financing:	Conduit Tax-Exempt and/or Taxable Fixed and/or Variable Rate Bonds ("Bonds").
Project Description:	The proceeds from the Bonds will be used to: (i) refund all or a portion of IBank's Variable Rate Refunding Revenue Bonds (The J. Paul Getty Trust), Series 2013A-1 and Series 2013A-2 (collectively, the "Prior Bonds"), and (ii) pay suspension payments on interest rate swap agreements related to the Prior Bonds (collectively, the "Project"). The Prior Bonds financed improvements to the Getty Trust's museum facilities located in Los Angeles, California.
Project Site:	1200 Getty Center Drive, Los Angeles, CA 90049; 17985 Pacific Coast Highway, Los Angeles, CA 90272; 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 and/or Taxable
Expected Term:	26 years
Credit Enhancement:	None
Expected Credit Rating:	S&P Rating: AAA; Moody's: Aaa
IBank Fees:	Application Fee \$4,000; Issuance Fee \$125,000; Initial Annual Fee \$3,500 per year
STO Fee:	Agent for Sale \$10,000 to be paid directly to STO

SOURCES AND USES			
Estimated Sources Funds:		Estimated Uses Funds:	
Tax-exempt and/or Taxable Bonds Proceeds	\$215,000,000	Refunding of the Prior Bonds	\$162,955,000
Borrower Equity	\$100,000	Swap Suspension Payments	\$52,045,000
		Accrued Interest	\$100,000
TOTAL SOURCES	\$215,100,000	TOTAL USES	\$215,100,000

FINANCING TEAM	
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Borrower's Counsel:	Nixon Peabody LLP
Underwriters:	Jefferies LLC; UBS Financial Services Inc.
Municipal Advisor:	Swap Financial Group, LLC
Trustee:	U.S. Bank National Association
Public Benefits:	<p>The Getty Trust operates museums and research facilities dedicated to the visual arts. Its museums are open to the public and its research facilities help advance the visual arts. The Prior Bonds were issued to finance a portion of the Getty Trust's facilities. IBank's sale of the Bonds will refund the Prior Bonds and is expected to result in cost savings for the Getty Trust. The Getty Trust will be able to use that money to for its museums and research facilities.</p> <p>The Getty Trust employs approximately 1,400 people full-time and 850 volunteers and docents.</p>
Date of Board Meeting:	October 27, 2021
Resolution Number:	21-15
Prepared by:	Steven Wright
Date Prepared:	September 16, 2021
Staff Recommendation:	Staff recommends approval of Resolution No. 21-15 authorizing the issuance of Conduit Tax-exempt and/or Taxable Fixed and/or Variable Rate Bonds in an aggregate amount not to exceed \$215,000,000 for the benefit of The Getty Trust.

BACKGROUND AND HISTORY

The Getty Trust, a 501(c)(3) non-profit organization, is a charitable trust and private foundation operating museums and research facilities to study and conserve the visual arts and humanities. The Getty Trust is based at the Getty Center in Los Angeles, California, and at the Getty Villa in Malibu, California. The Getty Trust's mission is to further knowledge and nurture critical seeing through the growth and presentation of its collections and by advancing the understanding and preservation of the world's artistic heritage. The Getty Trust exhibits are available for public and scholarly use and other educational and grant programs to the State as well as to national and international communities. The Getty Trust serves the general public and professional communities in Los Angeles and beyond through four different facilities/institutions:

The J. Paul Getty Museum collects, preserves, exhibits, and interprets works of art at both the Getty Center and Getty Villa sites.

The Getty Research Institute is dedicated to furthering knowledge and advancing understanding of the visual arts. Its research library contains special collections of materials and digital resources that serve an international community of scholars and the interested public.

The Getty Conservation Institute works internationally to advance conservation practice in the visual arts – which include, but are not limited to, objects, collections, architecture, and sites.

The Getty Foundation, through strategic grants and programs, fulfills the philanthropic mission of the Getty Trust by supporting individuals and institutions committed to advancing the understanding and preservation of the visual arts locally and worldwide.

The COVID-19 Impact

In March 2020, the Getty Trust, in response to state and local regulations, closed the Getty Center and the Getty Villa to the public, initiating a full remote work arrangement for most employees unless they were considered essential. The Getty Villa and the Getty Center reopened to the public on March 21, 2021, and May 25, 2021, respectively. The Getty Trust programs and departments fully restored on-site activities on September 7, 2021.

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 and/or taxable fixed and/or variable rate revenue bonds to: (i) refund all or a portion of the Prior Bonds, and (ii) pay suspension payments on interest rate swap agreements related to the Prior Bonds.

The proceeds from the 2013 Bonds were used to refund all the outstanding IBank Series 2007A-1 and Series 2007A-2 Bonds (the "Prior Refunded Bonds"). The Prior Refunded Bonds were issued, together with \$108,200,000 aggregate principal amount of the Infrastructure Bank's Refunding Revenue Bonds (The J. Paul Getty Trust), Series 2007A-3 and Series 2007A-4 (which bonds were refunded in April 2012) for the purpose of refunding \$250,000,000 aggregate principal amount of The J. Paul Getty Trust taxable Bonds, Series 2003 (the "2003 Bonds"). The proceeds of the 2003 Bonds were used to finance the improvement of various of the Getty Trust's facilities, acquiring various objects of art, and related transaction costs.

The Getty Trust's outstanding Series 2013 A-1 and A-2 Bonds are variable rate obligations in the LIBOR Index Tender Mode and are subject to mandatory tender on April 1, 2022. If the Bonds are not refunded by the tender date, the Bonds will bear interest at the Maximum Interest Rate (8%) until 4/1/2023 and then may be subject to default.

The Borrower incurred taxable debt on January 28, 2021 to refund certain bonds IBank issued in 2011, 2012 and 2020. The current outstanding principal amount of this taxable debt is \$309,600,000 and it will mature in 2024.

The Getty Trust's Current Outstanding IBank Issued Bonds

Bonds	Issue Date	Issued Par Amount	Outstanding Balance as of June 30, 2021	Final Maturity	Purpose
Series 2013A-1	4/1/2013	\$81,490,000	\$81,490,000	10/1/2047	Refund 2007A-1, 2007A-2 Bonds
Series 2013A-2	4/1/2013	\$81,465,000	\$81,465,000	10/1/2047	Refund 2007A-1, 2007A-2 Bonds
Series 2020A-1	3/18/2020	\$116,755,000	\$116,755,000	4/1/2038	Refund 2011A-2, 2011A-3, 2011A-4 Bonds
Total		\$279,710,000	\$279,710,000		

Suspension of Swaps

A portion of the Prior Bonds are currently hedged by existing fixed-payor interest rate swaps and a portion of the Bonds proceeds will be used to suspend outstanding swaps that were obtained in connection with the Series 2007A-1 and Series 2007A-2 Bonds. The Swap Counterparties in relation to the Series 2007 Bonds swaps are JP Morgan Chase Bank and the Bank of New York Mellon. The swaps expire on October 1, 2047. Payment on these outstanding swaps is based on a Three-Month LIBOR Index.

(See Appendix B--Project Photos)

FINANCING STRUCTURE

IBank Term Sheet

The Getty Trust

Board Meeting Date: October 27, 2021

Par Amount:	Not to exceed \$215,000,000; in in one or more tax-exempt and/or taxable series
Type of Offering:	Public Offering
Underwriter:	Jefferies LLC and UBS Financial Services Inc.
Expected Credit Rating*:	S&P Rating: AAA; Moody's: Aaa
Interest*:	One or more series of the Bonds is expected to be in either a long-term variable rate mode and/or index based variable rate mode. The maximum interest rate per annum permitted under the Bond Indenture is not to exceed 12%. Both series are eligible to be converted to another interest rate mode, as described in the Bond Indenture.
Maturity*:	October 1, 2047 final maturity
Expected Closing Date*:	December 9, 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 the interest rate provisions, including interest rate mode and interest rate, final Maturity and Expected Closing Date are subject to change.

Financing Structure

The Bonds will be secured by an Indenture and sold through a public offering pursuant to a Bond Purchase Agreement. The proceeds of the Bonds will be loaned to the Borrower pursuant to a Loan Agreement. The Bonds will be issued as fully registered bonds without coupons and will be delivered in denominations of \$100,000 and any integral multiple of \$5000 in excess thereof.

The Bonds will be secured by a pledge of the “Revenues” which consist primarily of the Borrower’s payments under the Loan Agreement, and amounts held in the funds or accounts established pursuant to the Indenture. The Getty Trust’s obligations under the Loan Agreement and the Indenture constitutes an unsecured general obligation of the Getty Trust.

It is expected that the Bonds will be sold as two separate series, Series 2021A-1 and Series 2021A-2. The Bonds will be issued as “multi-modal” bonds, meaning the Borrower can select from a number of interest rate options, provide that any interest rate mode selected will not exceed a maximum rate of 12%. None of the property, assets, or revenues of the Getty Trust, including without limitation the art collections of the Getty Trust, will be pledged as security for the payment of the Bonds.

Based on Section 147(f)(2)(D) of the Internal Revenue Code, since the weighted maturity date of the Bonds will be no later than the weighted maturity date of the Prior Bonds, no TEFRA is required for the Bonds.

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

Admission into the Getty Museums is free to the public. Prior to the Covid-19 pandemic, the Getty Center, including the Getty Museum and the Getty Villa, attracted about 2 million visitors per year, with approximately 150,000 being school children.

The refunding of this transaction will relieve the Getty Trust from the scheduled mandatory tender on April 1, 2022. Without this refunding, the Prior Bonds will bear interest at the maximum interest rate of 8% until 4/1/2023, and then will be subject to default. Suspension of the fixed-payor interest rate swaps associated with the Prior Bonds will reduce the Getty’s swap exposure. The Getty Trust estimates slight present value savings based on current variable rates on the Prior Bonds. The Getty Trust will be able apply any savings towards its mission to further knowledge and nurture critical seeing through the growth and preservation of its collections and by advancing the understanding and preservation of the world’s artistic heritage.

The Getty Trust employs approximately 1,400 full-time employees and 850 volunteers and docents.

OTHER PROJECT DATA

PERMITS AND APPROVAL	
Required? No	If Yes, Describe:
TEFRA	
Date of TEFRA Publication: N/A	Publications: N/A
Date of TEFRA Hearing: N/A	Oral/Written Comment: 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 the IBank in connection with the financing and to make all the scheduled payments. 4. The proposed financing is appropriate for the Project.
INDUCEMENT CERTIFICATE	
Completed? N/A	Certificate Number: N/A Date:

RECOMMENDATION

Staff recommends approval of Resolution No. 21-15 authorizing the issuance of Conduit Tax-exempt and/or Taxable Fixed and/or Variable Rate Bonds in an aggregate amount not to exceed \$215,000,000 for the benefit of The Getty Trust.

APPENDIX A: GOVERNANCE AND MANAGEMENT

Officers	
James Cuno, President and CEO	
Steven A. Olsen, Vice President, Chief Financial Officer, and Chief Operating Officer	
William Humphries, Controller	
Board Members	
Mary Schmidt Campbell, Member	Position: Trustee Affiliated Company: Spelman College City, State: Atlanta, GA
Megan B. Chernin, Member	Position: Trustee Affiliated Company: LA Promise Fund Board City, State: Los Angeles, CA
James Cuno, Member	Position: Trustee Affiliated Company: The J. Paul Getty Trust City, State: Los Angeles, CA
Bruce W. Dunlevie, Member	Position: Founder and General Partner Affiliated Company: Benchmark Capital City, State: Menlo Park, CA
Drew G. Faust, Member	Position: Arthur Kingsley Porter University Professor Affiliated Company: Harvard University City, State: Cambridge, MA
Pamela J. Joyner, Member	Position: Founder Affiliated Company: Avid Partners City, State: San Francisco, CA
David L. Lee, Board Chair	Position: Co-Founder and Managing General Partner Affiliated Company: Clarity Partners City, State: Beverly Hills, CA
Robert W. Lovelace, Member	Position: Vice Chairman Affiliated Company: Capital Group Companies City, State: Los Angeles, CA
Thelma Meléndez de Santa Ana, Member	Position: Retired Affiliated Company: formerly Administrator Superintendent for the Inglewood Unified School District City, State: Inglewood, CA
Kavita Singh, Member	Position: Professor Affiliated Company: Jawaharlal Nehru University City, State: New Delhi, India
Ronald P. Spogli, Vice Chair	Position: Co-Chairman Affiliated Company: Freeman Spogli & Co., Incorporated City, State: Los Angeles, CA
Jaynie Miller Studenmund, Member	Position: CEO (former) Affiliated Company: Overture Services City, State: Los Angeles, CA
John Studzinski, Member	Position: Vice Chairman Affiliated Company: PIMCO City, State: New York, New York
Anne M. Sweeney, Member	Position: President (former) Affiliated Company: Disney-ABC Television Group City, State: Los Angeles, CA

APPENDIX B: PROJECT PHOTOS

The Center



The Getty Villa

