

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

STAFF REPORT

EXECUTIVE SUMMARY

Applicant:	Segerstrom Center for the Arts (“Borrower” or “Segerstrom”)	Par Amount Requested:	Not to exceed \$50,000,000
Applicant Description:	Segerstrom (formerly known as the Orange County Performing Arts Center) is a California nonprofit public benefit corporation organized for the purpose of promoting and developing an interest in, and an appreciation for, arts, music, dance and theater for the residents of Southern California.		
Type of Financing:	Conduit Tax-Exempt Fixed Rate Bonds (“Bonds”)		
Project Description:	The proceeds of the Series 2023 Bonds will be used , to (1) refund all or a portion of IBank’s Revenue Refunding Bonds (Segerstrom Center for the Arts), Series 2016B (“Prior Bonds”) each of which was issued to refinance certain costs of the construction, equipping and furnishing of certain improvements to the Segerstrom Center for the Arts consisting of a concert hall; a multi-purpose theater; an education center; a public restaurant; a private donor room; rehearsal spaces; artist accommodations; a pedestrian plaza; and related and appurtenant facilities, (2) pay costs of issuance (collectively, the “Project”).		
Project Site:	615 Town Center Drive, Costa Mesa, CA 92626 (Orange 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:	7/1/2038		
Credit Enhancement:	None		
Credit Rating:	Expected S&P Rating Services: A-		
IBank Fees:	Application Fee \$3,500; Issuance Fee \$55,000; Initial Annual Fee \$2,500 per year		
STO Fee:	Agent For Sale \$8,000		
Estimated Sources of Funds:		Estimated Uses of Funds:	
Tax-exempt Bonds Proceeds	\$50,000,000	Project Fund	\$49,000,000
		Costs of Issuance	1,000,000
TOTAL SOURCES	\$50,000,000	TOTAL USES	\$50,000,000
Financing Team:			
Bond Counsel:	Stradling Yocca Carlson & Rauth		
Underwriter:	Wells Fargo Bank, National Association and KeyBanc Capital Markets Inc.		
Financial Advisor:	BLX Group LLC		
Trustee:	US Bank Trust Company, N.A.		

Public Benefits:	<p>Segerstrom offers active arts-in-education programs. Segerstrom is a cultural center and dynamic town square for the community, accessible to all. Segerstrom represents and elevates historically excluded artists, productions, and audiences by identifying and directly addressing inequities and discrimination at every level of the organization.</p> <p>The 2016B Bonds will mature on 7/1/2023. The Refunding will allow Segerstrom to extend the upcoming maturity of the 2016B Bonds by replacing them with the Bonds with expected maturity in approximately 15 years.</p>	
Date of Board Meeting: April 19, 2023	Resolution Number: 23-05	Prepared by: John Belmont on 3/15/2023
Staff Recommendation: Staff recommends approval of Resolution No. 23-05 authorizing the issuance of Conduit Tax-Exempt Fixed Rate Bonds, in an aggregate amount not to exceed \$50,000,000, for the benefit of Segerstrom Center for the Arts.		

BACKGROUND AND HISTORY

Background and History:

In the late 1960's, the initial idea and framework of building a concert hall as a world-class venue for performances of the Philharmonic Society of Orange County, Pacific Chorale and Pacific Symphony was formed. In 1979, the Segerstrom Family donated a five-acre parcel of land to establish the Segerstrom Center for the Arts, formerly known as the Orange County Performing Arts Center. Segerstrom was founded by Renée and Henry Segerstrom and opened on September 29, 1986 with a concert in its Segerstrom Hall. Segerstrom's founders determined that the new performing arts complex located in Costa Mesa, California, would be established with private funds and government funding would not be solicited or accepted.

In 1998, the Segerstrom family purchased another parcel of land and in 2000, Henry Segerstrom donated \$40 million to the Borrower to construct a concert hall, a multi-use theater, an educational center, public restaurant and community plaza. The Center includes performance facilities such as the 3,000 seat Segerstrom Hall, 2,000 seat Renée and Henry Segerstrom Concert Hall, 500 seat multi-functional Samueli Theater, 250 seat Judy Morr Theater, and a 46,000 square foot Arts Plaza. The 500 seat Samueli Theater was named in recognition of a \$10 million gift from the Samueli Family Foundation. The Segerstrom Hall and Judy Morr Theater were designed by Charles Lawrence and opened in 1986. The Renée and Henry Segerstrom Concert Hall, Samueli Theater and the Lawrence and Kristina Dodge Education Center were designed by Cesar Pelli, an architect who has received numerous awards and other honors for his work including the American Institute of Architects Gold Medal in 1995.

In September 2015, Segerstrom in collaboration with the American Ballet Theatre (ABT) opened the American Ballet Theatre William J. Gillespie Ballet School at Segerstrom (School). The School combines the resources of ABT, America's National Ballet Company and Segerstrom. William J. Gillespie has been a board member of ABT since 1999.

Segerstrom, one of Orange County's premier non-profit arts organization, offers the world's leading dance companies, Broadway shows, award-winning classical, jazz and cabaret artists, family entertainment, special events and year-round educational programs. Segerstrom is home to three resident performing arts companies: Pacific Symphony, the Philharmonic Society of Orange County, and Pacific Chorale. In addition, the Lawrence and Kristina Dodge Education Center provides educational art programs to students and educators ranging from grade school through college.

The California Secretary of State reports active status for the Borrower. Segerstrom's current leadership is listed in Appendix A.

PROJECT DESCRIPTION

The Borrower is requesting the issuance of the Bonds in an amount not to exceed \$50,000,000 to (1) refund all or a portion of the Prior Bonds each of which was issued to refinance certain costs of the construction, equipping and furnishing of certain improvements to the Segerstrom Center for the Arts consisting of a concert hall named the Reneé and Henry Segerstrom Concert Hall, with a capacity of approximately 2,000 seats; a multi-purpose theater named the Samueli Theater, with a capacity of approximately 500 seats; an education center; a public

restaurant; a private donor room; rehearsal spaces; artist accommodations; a pedestrian plaza; and related and appurtenant facilities all located in the City of Costa Mesa, California , (ii) pay other expenditures relating to the issuance of the Bonds, including the costs of issuance incurred in connection with the issuance and sale of the Bonds.

The Project is located at or adjacent to 615 Town Center Drive in the City of Costa Mesa, California.

IBank Issued Outstanding Debt

The proceeds of the Series 2016B Bonds, issued on 8/6/2016, were used to refund a portion of the IBank’s Variable Rate Demand Revenue Bonds (Orange County Performing Arts Center), Series 2008AB, which were outstanding in the total amount of \$136,420,000 at the time of issuance. The proceeds of the Series 2008A and 2008B Bonds were used to refund previously outstanding bonds. **Table I** displays the highlights of the Prior Bonds.

The Series 2016B Bonds were not subject to redemption prior to maturity. Segerstrom is refinancing the Series 2016B Bonds because they have a bullet maturity due date of 7/1/2023, and Segerstrom wants to refund the bonds before the maturity date.

Table I

IBank Issued Prior Bonds					
Bond Series	Issued Date	Issue Par Amount	Maturity Date	Current Outstanding Balance	Interest Rate
2016B	8/6/2016	\$48,000,000	7/1/2023	\$48,000,000	5%
Total		\$48,000,000		\$48,000,000	

Table II displays the other outstanding IBank issued Tax-exempt bonds for Segerstrom. The Series 2016 Bonds were issued on 6/28/2016 to refund the IBank issued Series 2011A Bonds and Series 2008D Bonds and pay costs of issuance. The Series 2016 Bonds and the Series 2016B Bonds are two separate bonds issued on different dates in 2016. The Series 2016 Bonds were issued as single series without any series designation such as “A”.

The Series 2017 Bonds were issued on 12/28/2017 to refund all of the outstanding IBank issued Series 2008A Bonds and the 2008B Bonds and pay costs of issuance. The Series 2016 Bonds and the Series 2017 Bonds are not subject to redemption prior to their final maturity.

Table II

IBank Issued Outstanding Bonds					
Bond Series	Issue Date	Issue Par Amount	Maturity Date	Current Outstanding Amount	Interest Rate
Series 2016	6/28/2016	\$42,000,000	7/1/2026	\$42,000,000	5%
Series 2017	12/28/2017	\$64,000,000	1/1/2025 1/1/2028	\$64,000,000	5%
Total		\$106,000,000		\$106,000,000	

FINANCING STRUCTURE

IBank Term Sheet

Segerstrom Center for the Arts
Board Meeting Date: 4/19/2023

Par Amount:	Not to exceed \$50,000,000 in one or more tax-exempt series.
Type of Offering:	Public Offering
Underwriter:	Wells Fargo Bank, National Association and KeyBanc Capital Markets Inc.
Credit Enhancement:	None Expected
Expected Credit Rating:	Standard & Poor's Rating Services: A-
Interest Rate*:	Not to exceed 8%
Maturity:	Maximum July 1, 2038
Collateral:	Corporation's personal property, but only until the IBank's (i) Revenue Refunding Bonds (Segerstrom Center for the Arts) Series 2016, and (ii) Revenue Refunding Bonds (Segerstrom Center for the Arts) Series 2017 are no longer outstanding.
Guaranty:	None
Expected Closing Date*:	June 1, 2023
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 and Expected Closing Date are subject to change.

Financing Structure

The Bonds will be secured by an Indenture and sold 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 sold in a public offering by Wells Fargo Bank, National Association and Keybank Capital Markets, Inc. Interest on the Bonds will be calculated on the basis of a 360-day year and twelve 30-day months and will be payable in arrears each January 1 and July 1, commencing January 1, 2024. The Bonds will be available in denominations of \$5,000 or any integral multiple thereof and will not be subject to redemption prior to maturity.

The Bonds will be secured on a parity basis with Segerstrom's other IBank issued debt, the Series 2016 Bonds and the Series 2017 Bonds. Segerstrom may not issue any additional parity debt except for the purposes of defeasing any current or subsequent parity debt and/or to provide credit enhancement and/or liquidity support for the then existing parity debt, as long as the Series 2016 Bonds and Series 2017 Bonds are outstanding. There will be no reserve fund with respect to 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 and any person executing the transaction documents on behalf of IBank shall not 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

Segerstrom offers active arts-in-education programs. Segerstrom is a cultural center and dynamic town square for the community, accessible to all. Segerstrom represents and elevates historically excluded artists, productions, and audiences by identifying and directly addressing inequities and discrimination at every level of the organization.

The 2016B Bonds will mature on 7/1/2023. The Refunding will allow Segerstrom to extend the upcoming maturity of the 2016B Bonds by replacing them with the Bonds that are expected to mature in approximately 15 years.

OTHER PROJECT DATA

PERMITS AND APPROVAL	
Required?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Describe:
TEFRA	
Date of TEFRA Publication:	4/11/2023
Publications:	Publications: IBank Website, https://ibank.ca.gov
Date of TEFRA Hearing:	4/18/2023
Oral/Written Comments:	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Explain:
ELIGIBILITY REVIEW	
Applicant meets all of the IBank eligibility criteria? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	<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?	<input type="checkbox"/> NO <input type="checkbox"/> YES Certificate No.: <input checked="" type="checkbox"/> N/A Date:

RECOMMENDATION

Staff recommends approval of Resolution No. 23-05 authorizing the issuance of Conduit Tax-Exempt Fixed Rate Bonds, in an aggregate amount not to exceed \$50,000,000, for the benefit of Segerstrom Center for the Arts.

APPENDIX A: GOVERNANCE AND MANAGEMENT

BOARD OF DIRECTORS

Jane Yada, Chairwoman of the Board	Harbor Field Holdings, LLC Tustin, CA
David H. Troob *, Treasurer	Retired, CEO of Geneva Group Newport Beach, CA
Sally S. Crockett *, Secretary	Community Volunteer Newport Coast, CA
Wylie A. Aitken	Aitken, Aitken, Cohn Anaheim, CA
Julia Argyros	Argyros Family Foundation Newport Beach, CA
Bart Asner	Retired Healthcare Executive Newport Beach, CA
Jesse Bagley	Chief Executive Officer, PeopleSpace Anaheim Hills, CA
Marta S. Bhathal	RAJ Capital Management Newport Beach, CA
Deborah Bridges	Co-Owner, CBJ Publishing Newport Coast, CA
Mark Chan	Chief Operating Officer, Wincome Group Newport Beach, CA
Sandy Segerstrom Daniels	Managing Partner C. J. Segerstrom & Sons, Newport Beach, CA
James A. Driscoll *	Martlet Asset Management Newport Beach, CA
Moti Ferder	Lugano Diamonds & Jewelry Corona Del Mar, CA
John C. Garrett	Counsel, Garrett Stiepel Ryder LLP Newport Beach, CA
John L. Ginger *	CEO, J Ginger Masonry Laguna Beach, CA
Jackie Glass	Officer/Trustee, Kling Family Foundation Newport Beach, CA
Wendy Hales	Executive Director, Argyros Family Foundation, Newport Beach, CA
Lawrence M. Higby *	Former CEO, Apria Healthcare Newport Beach, CA

Betty Huang *	Director, Huang Family Foundation Newport Beach, CA
Molly Jolly	Senior Vice President, Finance & Administration Los Angeles Angels Villa Park, CA
Roger Kirwan *	Chair & Chief Executive Officer, Woodside Credit, Newport Coast, CA
Carole Haes Landon	Retired Business Owner Newport Beach, CA
Shanaz Langson	Investment Building Group Newport Beach, CA
William Meehan *	Partner, Rutan & Tucker Newport Beach, CA
Britt Meyer	Community Volunteer Corona Del Mar, CA
Ethan F. Morgan *	Managing Director, Private Bank Coto De Caza, CA
Rick J. Muth *	President, ORCO Block & Hardscape Newport Beach, CA
Walter Parsadayan	Retired Business Owner Newport Coast, CA
Mark Perry *	Executive Vice Chairman, Global Commercial Banking Bank of America Merrill Lynch, Balboa Island, CA
John Phelan	Retired Executive Vice President Irvine, CA
Casey Reitz	President, Segerstrom Center for the Arts Corona Del Mar, CA
Chris Rommel *	Former VP at Wells Fargo Bank Irvine, CA
Elizabeth Segerstrom	Co-Manging Partner C. J. Segerstrom & Sons; Newport Beach, CA
Stephen M. Sherline	Managing Director, Private Wealth Management Union Bank, The Private Bank, Thousand Oaks, CA
Stewart R. Smith *	President, Kinsmith Financial Corp. Laguna Beach, CA
Tony Smith	Co-Founder and CEO of Restaurant365 Irvine, CA
Dr. Steven Sorenson	Professor of Radiology, Loma Linda University, Laguna Beach, CA

Connie Spenuzza	Author and Director Dana Point, CA
John Stratman	Senior Director Kaiser Permanente Orange County, Coto De Caza, CA
Samuel (Sam) Tang	Managing Partner, TriGuard Management LLC, Corona Del Mar, CA
Kelly Thompson	Ascent Private Capital of US Bank La Jolla, CA
Gaddi Vasquez *	Retired, Senior VP, Government Affairs Orange, CA
Jaynine Warner	Community Volunteer; former professional airline pilot Laguna Beach, CA
Carol Wilken *	Community Volunteer Newport Beach, CA
Anthony Allen, Director Emeritus	Chairman, Tava Development Company Corona Del Mar, CA
Timothy Strader, Director Emeritus	Chairman, Starpointe Ventures Newport Beach, CA

* Member of the Executive Committee

OFFICERS

Casey Reitz	President
Judith O'Dea Morr	Executive Vice President
Brian Finck	Chief Financial Officer

APPENDIX B: PROJECT PHOTOS



