

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

**STAFF REPORT**

<b>EXECUTIVE SUMMARY</b>	
<b>Applicant:</b>	The J. Paul Getty Trust (“Borrower” or “Getty Trust”)
<b>Par Amount Requested:</b>	\$400,000,000
<b>Applicant Description:</b>	The J. Paul Getty Trust, a 501(c)(3) non-profit corporation, 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.
<b>Type of Financing:</b>	Conduit Fixed and/or Variable Rate Tax-Exempt and/or Taxable Revenue Bonds (“Bonds”).
<b>Project Description:</b>	The proceeds from the Bonds will be used to: (i) refund all or a portion of the California Infrastructure and Economic Development Bank Refunding Revenue Bonds (The J. Paul Getty Trust) Series 2021B-1 (the “Series 2021B-1 Bonds”) and The J. Paul Getty Trust Taxable Bonds, Series 2021A (the “Series 2021A Taxable Bonds” and, together with the Series 2021B-1 Bonds, the “Prior Bonds”) and/or (ii) pay suspension payments on interest rate swap agreements related to certain of the Prior Bonds being suspended for a period of time, and/or (iii) pay termination payments on interest rate swap agreements related to certain of the Prior Bonds being terminated in part, (collectively, the “Project” and the capital projects refinanced with proceeds of the Prior Bonds, collectively, referred to herein as the “Prior Projects”).
<b>Project Site:</b>	<u><b>Los Angeles County</b></u> 1200 Getty Center Drive, Los Angeles, CA 90049; 17985 Pacific Coast Highway, Los Angeles, CA 90272
<b>Plan of Finance:</b>	IBank will lend the proceeds of the Bonds to the Borrower to finance the costs of the Project.
<b>Type of Issue:</b>	Public Offering
<b>Tax Status:</b>	Tax-Exempt and/or Taxable
<b>Expected Term:</b>	Up to 24 years
<b>Credit Enhancement:</b>	None
<b>Expected Credit Rating:</b>	S&P Rating: AAA; Moody’s: Aaa
<b>IBank Fees:</b>	Application Fee \$4,000; Issuance Fee \$150,000; Initial Annual Fee \$4,000 per year <sup>1</sup>
<b>STO Fee:</b>	Agent for Sale \$10,000 to be paid directly to STO

<sup>1</sup> The Initial Annual Fee is subject to change.

<b>SOURCES AND USES</b>			
<b>Estimated Sources Funds<sup>2</sup>:</b>		<b>Estimated Uses Funds:</b>	
Tax-exempt and/or Taxable Bonds Proceeds	\$361,731,000	Refunding of the Prior 2021A Bonds	\$309,600,000
		Refunding of the Prior 2021B-1 Bonds	\$43,325,000
Borrower Equity	\$2,294,000	Swap Suspension/Termination Payments	\$9,300,000
		Costs of Issuance	\$1,800,000
<b>TOTAL SOURCES</b>	<b>\$364,025,000</b>	<b>TOTAL USES</b>	<b>\$364,025,000</b>

<b>FINANCING TEAM</b>	
<b>Bond Counsel:</b>	Orrick, Herrington & Sutcliffe LLP
<b>Borrower's Counsel:</b>	Nixon Peabody LLP
<b>Underwriters:</b>	Jefferies LLC, Morgan Stanley & Co. LLC, and TD Securities (USA) LLC
<b>Municipal Advisor:</b>	PFM Financial Advisors, LLC
<b>Trustee:</b>	U.S. Bank National Association
<b>Public Benefits:</b>	<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.</p> <p>The Prior Bonds are subject to maturity and mandatory tender on January 1, 2024. By refunding the Prior Bonds, the Getty Trust will replace the Prior Bonds with fixed rate bonds and/or multimodal bonds with mandatory tenders on later dates. The purpose of refunding is to replace bonds with upcoming maturities/mandatory tenders and may not result in any savings.</p> <p>The Getty Trust employs 1,405 people full-time and 821 volunteers and docents.</p>
<b>Date of Board Meeting:</b>	October 11, 2023
<b>Resolution Number:</b>	23-13
<b>Prepared by:</b>	Dalibor Zivkovic and John Belmont
<b>Date Prepared:</b>	September 26, 2023
<b>Staff Recommendation:</b>	Staff recommends approval of Resolution No.23-13 authorizing the issuance of Conduit Fixed and/or Variable Rate Tax-exempt and/or Taxable Revenue Bonds in an aggregate amount not to exceed \$400,000,000 for the benefit of The J. Paul Getty Trust.

<sup>2</sup> The estimated amounts in the Sources and Uses table are preliminary and subject to change.

## BACKGROUND AND HISTORY

The Getty Trust, a 501(c)(3) non-profit corporation, 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 practices 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 California Secretary of State reports active status for the Borrower, as of September 26, 2023.

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/or (ii) pay suspension payments on interest rate swap agreements related to certain of the Prior Bonds being suspended for a period of time, and/or (iii) pay termination payments on interest rate swap agreements related to certain of the Prior Bonds being terminated in part.

,On November 17,2021, IBank issued the \$167,345,000 Series 2021B1 Bonds, including \$43,325,000 Series 2021B-1 and \$124,020,000 Series 2021B-2, both maturing on October 1, 2024. The proceeds from the 2021B-1 bonds were used to refund all the outstanding IBank Series 2013A-1 and Series 2013A-2 Bonds (the “Prior 2013 Bonds”), which were previously used to refund all the outstanding IBank Series 2007A-1 and Series 2007A-2 (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 Series 2021B-1 Bonds have Mandatory Purchase Date following end of Long-Term Mode on January 1, 2024.

Additionally, on January 28, 2021 the Getty Trust issued the Series 2021A Taxable Bonds for the purpose of refunding certain IBank issued bonds in 2011, 2012 and 2020. The current outstanding principal amount of this taxable debt is \$309,600,000 and it will mature on January 1, 2024.

### The Getty Trust’s Current Outstanding Bonds

Bonds	Issue Date	Issued Par Amount	Current Outstanding Balance	Final Maturity	Trustee
CIEDB Series 2021B-2	11/17/2021	\$124,020,000	\$124,020,000	10/1/2047	U.S. Bank
CIEDB Series 2021B-1	11/17/2021	\$43,325,000	\$43,325,000	10/1/2047	U.S. Bank
Getty Series 2021A	1/28/2021	\$309,600,000	\$309,600,000	1/1/2024	U.S. Bank
CIEDB Series 2020A-1	3/18/2020	\$116,755,000	\$112,575,000	4/1/2033	U.S. Bank
<b>Total</b>		<b>\$593,700,000</b>	<b>\$589,520,000</b>		

## Refunding of Prior IBank and Getty Issued Bonds

Bonds	Issue Date	Issued Par Amount	Current Outstanding Balance	Final Maturity	Trustee
CIEDB Series 2021B-1*	11/17/2021	\$43,325,000	\$43,325,000	10/1/2047	U.S. Bank
Getty Series 2021A	1/28/2021	\$309,600,000	\$309,600,000	1/1/2024	U.S. Bank
<b>Total</b>		<b>\$352,925,000</b>	<b>\$352,925,000</b>		

\*The Series 2021B-1 has Mandatory Purchase Date on January 1, 2024.

## Suspension of Swaps

Swaps	Associated Bonds Series	Notional Amount	Counterparty	Expiration Date
Refunded 2007	2021A, 2021B	\$135,237,500	JMP Chase	10/1/2047
Refunded 2007	2021A, 2021B	\$135,237,500	BNY Mellon	10/1/2047
Refunded 2003	2021A	\$51,110,000	BNY Mellon	4/1/2033
Refunded 2003	2021A	\$51,110,000	JPM Chase	4/1/2033
<b>Total</b>		<b>\$372,695,000</b>		

A portion of the Prior Bonds are currently hedged by existing fixed-payor interest rate swaps and a portion of the Bonds proceeds may be used to terminate and/or suspend the outstanding swaps that were obtained in connection with the Series 2003, Series 2007A-1 and Series 2007A-2 Bonds. The Getty Trust is recipient of payments on these outstanding swaps, which are based on a certain percentage of Three-Month LIBOR Index. The initial plan is to fully terminate the two 2003 swaps. The two 2007 swaps will mature in 2047. The Getty Trust's plan is to suspend these swaps for a period of 5–10 years upon market conditions and sell fixed rate put bonds to the same date as the suspension. This is in line with the Getty Trust's past practices.

## FINANCING STRUCTURE

### IBank Term Sheet The J. Paul Getty Trust

Board Meeting Date: October 11, 2023

<b>Par Amount:</b>	Not to exceed \$400,000,000; in in one or more tax-exempt and/or taxable series
<b>Type of Offering:</b>	Public Offering
<b>Underwriter:</b>	Jefferies LLC, Morgan Stanley & Co. LLC, and TD Securities (USA) LLC
<b>Expected Credit Rating*:</b>	S&P Rating: AAA Moody's: Aaa
<b>Interest Rate*:</b>	Three or more series of Bonds are expected, and each series is expected to be in either a fixed rate mode or a long term variable rate mode. The maximum interest rate per annum permitted under the Bond Indenture is not to exceed 12%. Each series are eligible to be converted to another interest rate mode, as described in the Bond Indenture.
<b>Final Maturity*:</b>	October 1, 2047 final maturity
<b>Expected Closing Date*:</b>	November 22, 2023
<b>Conduit Transaction:</b>	The Bonds are special, limited obligations payable solely from payments made by the Getty Trust 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.

It is expected that the Bonds will be designated as the Series 2023 Bonds (“2023 Bonds”) and will be issued as Series 2023A (“2023A Bonds”), and Series 2023B-1 Bonds and Series 2023B-2). The Series 2023A Bonds will be issued in a Fixed Mode for an initial period from the date of issuance to the maturity date. The 2023B Bonds will be issued in a Long-Term Mode as Hard Put Long-Term Bonds that can convert to a Daily Mode, a Weekly Mode, a Commercial Paper Mode, a Long-Term Mode, an Index Based Mode, and Index Tender Mode or a Fixed Mode at the Getty Trust’s direction. The 2023 Bonds will be subject to redemption at a Redemption Price equal to the principal amount of the Bonds

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 obligation under the Loan Agreement and the Indenture constitutes an unsecured general obligation of the Getty Trust. 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.

The Getty Trust will provide its own liquidity in connection with any mandatory tenders of Series of the 2023 Bonds and will not provide any Liquidity Facility in this regard.

## 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 Getty Trust operates museums and research facilities dedicated to advancing the visual arts. Admission into the Getty Trust museums is free to the public. The Getty Center, including the Getty Museum and the Getty Villa, attracted a total of 1,606,012 visitors for the 2023 fiscal year. The Getty Trust with its various programs employs 1,405 fulltime employees and has 821 volunteers and docents.

The refunding of this transaction will relieve the Getty Trust from the scheduled maturity and mandatory tender on January 1, 2024. Without this refunding (or alternatively a remarketing), the Prior Bonds will be subject to default. Termination or temporary suspension of the fixed-payor interest rate swaps associated with the Prior Bonds will reduce the Getty Trust’s swap exposure. The Getty Trust does not anticipate any present value savings from refunding the Prior Bonds. The Getty Trust will reduce its exposure to market access at upcoming maturity and mandatory tender dates, by replacing the Prior Bonds with fixed-rate and/or multimodal bonds with mandatory tenders on later dates. In turn the Getty Trust can continue 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.

**OTHER PROJECT DATA**

<b>PERMITS AND APPROVAL</b>	
Required? No	If Yes, Describe:
<b>TEFRA</b>	
Date of TEFRA Publication: 10/2/2023	Publications: IBank Website, <a href="https://ibank.ca.gov">https://ibank.ca.gov</a>
Date of TEFRA Hearing: 10/9/2023	Oral/Written Comment: None
<b>ELIGIBILITY REVIEW</b>	
Applicant meets all the IBank eligibility criteria? Yes	<ol style="list-style-type: none"> <li>1. Project is in the State of California</li> <li>2. The Borrower is capable of meeting the obligations incurred under relevant agreements.</li> <li>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. See Appendix C for Financial Statements.</li> <li>4. The proposed financing is appropriate for the Project.</li> </ol>
<b>INDUCEMENT CERTIFICATE</b>	
Completed? N/A	Certificate Number: N/A      Date:

**RECOMMENDATION**

Staff recommends approval of Resolution No.23-13 authorizing the issuance of Conduit Fixed and/or Variable Rate Tax-exempt and/or Taxable Revenue Bonds in an aggregate amount not to exceed \$400,000,000 for the benefit of The J. Paul Getty Trust.



## APPENDIX A: GOVERNANCE AND MANAGEMENT

<b>Officers</b>	
Katherine E. Fleming, President and Chief Executive Officer	
Steven A. Olsen, Vice President, Chief Financial Officer, and Chief Operating Officer	
William Humphries, Controller	
<b>Board Members</b>	
Antonieta Monaldi Arango, Member	Position: President Affiliated Company: Aramont Charitable Foundation City, State: Atlanta, GA
Mary Schmidt Campbell, Member	Position: President Emerita Affiliated Company: Spelman College City, State: Atlanta, GA
Megan B. Chernin, Member	Position: Co-Chair Affiliated Company: LA Promise Fund Board City, State: Los Angeles, CA
Bruce W. Dunlevie, Member	Position: Founder and General Partner Affiliated Company: Benchmark Capital City, State: Menlo Park, CA
Pamela J. Joyner, Member	Position: Founder Affiliated Company: Avid Partners City, State: San Francisco, 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: Former Administrator/Superintendent for the Inglewood Unified School District City, State: Inglewood, 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