

**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 \$32,000,000
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 Revenue Bonds (“Bonds”)		
Project Description:	The proceeds of the Bonds will be used, to (1) refund a portion of IBank’s Revenue Refunding Bonds (Segerstrom Center for the Arts), Series 2017 (the “Prior Bonds”) which were issued to refinance certain costs of the construction, equipping and furnishing of certain improvements to Segerstrom Center for the Arts located in the City of Costa Mesa, California, and (2) pay other expenditures relating to the issuance of the Bonds (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:	Not to Exceed 15 Years		
Credit Enhancement:	None		
Credit Rating:	Expected S&P Rating Services: A-		
IBank Fees¹:	Application Fee \$5,000; Issuance Fee \$31,000; Initial Annual Fee \$4,800 per year		
STO Fee:	Agent For Sale \$ 6,500		
Estimated Sources of Funds:		Estimated Uses of Funds:	
Tax-exempt Bonds Proceeds	\$32,000,000	Project Fund	\$31,400,000
		Costs of Issuance	\$600,000
TOTAL SOURCES	\$32,000,000	TOTAL USES	\$32,000,000
Financing Team:	Bond Counsel: Stradling Yocca Carlson & Rauth Underwriter: Wells Fargo Bank, National Association Underwriter Counsel: Hawkins Delafield & Wood LLP Financial Advisor: PFM Financial Advisors Trustee: US Bank Trust Company, N.A.		

¹ IBank Issuance Fee and Annual Fee are subject to change based on the final par amount.

Public Benefits:	<p>Segerstrom is a cultural center and offers active arts-in-education programs 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 Prior Bonds will mature on 1/1/2025. The Project will allow Segerstrom to extend the upcoming maturity of the Prior Bonds by replacing them with the Bonds with expected maturity in approximately 15 years.</p>	
Date of Board Meeting: September 25, 2024	Resolution Number: 24-14	Prepared by: John Belmont on 8/30/2024
Staff Recommendation: Staff recommends approval of Resolution No. 24-14 authorizing the issuance of Conduit Tax-Exempt Fixed Rate Revenue Bonds, in an aggregate amount not to exceed \$32,000,000, for the benefit of Segerstrom Center for the Arts.		

BACKGROUND AND HISTORY

Background and History:

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's \$200 million capital campaign 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 September 2006.

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. In 2016, Segerstrom opened its school of dance and music, Studio D: Arts School for All Abilities, for students with disabilities. Segerstrom's Center Without Boundaries is a program with focus on civic engagement and responding to needs of individuals and diverse communities. This Center associates with organizations such as Alzheimer's Orange County, Camp Pendelton, CHOC Children's Hospital, El Central Cultural de Mexico, University of California Irvine, and many others. In 2017, Segerstrom completed Julianne and George Argyros Plaza, which is dedicated to the community and offers year-round free performances, festivals and community events.

Segerstrom, offers dance companies, Broadway shows, 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 \$32,000,000 to (1) refund a portion of IBank's Revenue Refunding Bonds (Segerstrom Center for the Arts), Series 2017, which were issued to refinance certain costs of the construction, equipping and furnishing of certain improvements to 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 Samuéli 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, and (2) 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 2017 Bonds, issued on 12/28/2017, 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 \$76,730,000 at the time of issuance. The proceeds of the Series 2008A, Series 2008B and Series 2008C Bonds were used to refund IBank issued prior outstanding bonds Series 2004 and Series 2007 Bonds. The Series 2008C Bonds were refunded by the Series 2011A Bonds. The Segerstrom Renee and Henry Segerstrom Concert Hall and the Samuéli Music Theater were financed with a portion of the Series 2004 Bonds. A portion of the proceeds of the Series 2007 Bonds were used to fund additional construction costs of the two facilities financed by the Series 2004 Bonds.

Table I displays the highlights of the Prior Bonds. The Series 2017 Bonds were not subject to redemption prior to their maturity date. Segerstrom is refunding a portion of the Series 2017 Bonds due to upcoming bullet maturity on date of 1/1/2025. The portion of Series 2017 Bonds maturing January 1, 2028 will remain outstanding and will not be refunded at this time.

Table I – IBank Issued Refunding Candidate

IBank Issued Prior Bonds					
Bond Series	Issued Date	Issue Par Amount	Maturity Date	Current Outstanding Balance	Interest Rate
2017	12/28/2017	\$32,000,000	1/1/2025	\$32,000,000	5.00%
Total		\$32,000,000		\$32,000,000	

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 2023 Bonds were issued on 5/23/2023 to refund all of the outstanding IBank issued Series 2016B Bonds and pay costs of issuance. The Series 2023 Bonds are not subject to redemption prior to their final maturity.

Table II – Parity Debt

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	5.00%
Series 2017	12/28/2017	\$32,000,000	1/1/2028	\$32,000,000	5.00%
Series 2023	5/23/2023	\$42,000,000	7/1/2030	\$42,000,000	5.00%
Total		\$116,000,000		\$116,000,000	

FINANCING STRUCTURE

IBank Term Sheet

Segerstrom Center for the Arts
Board Meeting Date: 9/25/2024

Par Amount:	Not to exceed \$32,000,000 in one or more tax-exempt series
Type of Offering:	Public Offering
Underwriter:	Wells Fargo Bank, National Association
Credit Enhancement:	None Expected
Expected Credit Rating:	S&P Rating Services: A-
Interest Rate:	Not to exceed 8% per annum
Maturity*:	Maximum July 1, 2038
Collateral:	The Borrower'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*:	October 24, 2024
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 Maturity and Expected Closing Date are subject to change.

Financing Structure

The Bonds will be issued pursuant to and 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. 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, 2025. 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 the Segerstrom's other IBank issued debt the Series 2016 Bonds, the Series 2017 Bonds, and the Series 2023 Bonds ("Parity Debt"). 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, the Series 2017 Bonds, are outstanding. There will be no reserve fund with respect to the Bonds.

The Bonds and the Parity Debt are secured by a security interest in the Collateral of the Borrower pursuant to the Security Agreement. Under the Security Agreement, all of the revenues and all amounts, including all gross revenues, the proceeds of the Bonds held in any fund or account established under the Indenture, other than the Rebate Fund that are irrevocably pledged to the timely payment of the debt service on the Bonds, and all security interests and supporting obligations are considered as Collateral. The pledges will constitute a first and exclusive lien on the available funds under the Indenture.

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 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.

A portion of the 2017 Bonds will mature on 1/1/2025. The Refunding will allow Segerstrom to extend the upcoming bullet maturity of the 2017 Bonds by replacing them with the Bonds that are expected to mature in approximately 15 years.

No job creation is expected for this Project.

OTHER PROJECT DATA

PERMITS AND APPROVAL	
Required?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Describe:
TEFRA	
Date of TEFRA Publication:	9/16/2024
Publications:	Publications: IBank Website, https://ibank.ca.gov
Date of TEFRA Hearing:	9/24/2024
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. 24-14 authorizing the issuance of Conduit Tax-Exempt Fixed Rate Revenue Bonds, in an aggregate amount not to exceed \$32,000,000, for the benefit of Segerstrom Center for the Arts.

APPENDIX A: GOVERNANCE AND MANAGEMENT

BOARD OF DIRECTORS

Sally S. Crockett *, Secretary	Community Volunteer Newport Coast, CA
Stewart R. Smith, Treasurer & Chair, Investment	Attorney, Co-founder and CEO Kinsmith Financial Corporation
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
Louise Bryson	Retired Affiliated Company: N/A San Marino, 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 *, Chair, Audit	Martlet Asset Management Newport Beach, CA
Andra G. Ellingson	Mediator and Arbitrator Phillips ADR Enterprises Corona Del Mar, CA
Moti Ferder	Lugano Diamonds & Jewelry Corona Del Mar, CA
John C. Garrett	Counsel, Garrett Stiepel Ryder LLP Newport Beach, CA
John L. Ginger *, First Vice Chair	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 *, Member at Large	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 T. Kirwan *, Member at Large	Chair & Chief Executive Officer, Woodside Credit, Newport Coast, CA
Harmon Kong	Founding Principal Apriem Advisors, Irvine, CA
Karla Kraft *, Chair, Board Development	Shareholder Stradling, Yocca, Carlson & Rauth Newport Beach, CA
Carole Haes Landon	Retired Business Owner Newport Beach, CA
Shanaz Langson	Investment Building Group Newport Beach, CA
Kate Levering-Jahangiri	Retired actor Affiliated Company: N/A Newport Beach, CA
William Meehan *, Chair, Long Range Planning, EDI, & Governance	Partner, Rutan & Tucker Newport Beach, CA
Britt Meyer	Community Volunteer Corona Del Mar, CA
Ethan F. Morgan *, Chair, Center Fund	Managing Director, Private Bank Coto De Caza, CA
Rick J. Muth *, Chair, Facilities	President, ORCO Block & Hardscape Newport Beach, CA
Walter Parsadayan	Retired Business Owner Newport Coast, CA
Mark C. Perry *, Second Vice Chair	Executive Vice Chairman, Global Commercial Banking Bank of America Merrill Lynch, Balboa Island, CA
John Phelan*, Chairman of the Board	Retired Executive Vice President Irvine, CA
Casey Reitz, President	President, Segerstrom Center for the Arts Corona Del Mar, CA
Maria Rigatti	Executive VP and Chief Financial Officer Edison International Rosemead, CA

Holly Breaux Schwartz	Executive Vice President Strategic Asset Management Irvine, CA
Elizabeth Segerstrom	Co-Managing Partner C. J. Segerstrom & Sons; Newport Beach, CA
Tony Smith *, Chair, Finance	Co-Founder and CEO of Restaurant365 Irvine, CA
Steven M. Sorenson, M.D.	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
Laura Vanderhook	Community volunteer Affiliated Company: N/A Newport Beach, CA
Gaddi Vasquez *, Chair, Education Committee	Retired, Senior VP, Government Affairs Orange, CA
Jaynine Warner	Community Volunteer; former professional airline pilot Laguna Beach, CA
Jane Fujishige Yada *, Third Vice Chair	Harbor Field Holdings, LLC Tustin, CA

* Member of the Executive Committee

OFFICERS

Casey Reitz	President & CEO
Aaron Egigian	Interim Vice President, Programming
Brian Finck	Chief Financial Officer

