

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-Bank)

POST BOND ISSUANCE REQUEST STAFF REPORT

REQUEST

KQED, Inc. (Borrower) has sent written notice of its intent to redeem \$390,000 of the outstanding California Economic Development Financing Authority Variable Rate Demand Refunding Revenue Bonds, Series 1996 (KQED, Inc. Project) (Bonds) on April 1, 2012.

BACKGROUND

On April 23, 1996, the former California Economic Development Financing Authority (Authority) approved Resolution 96-06 authorizing the issuance of tax-exempt bonds in an aggregate amount not to exceed \$14,000,000. The Borrower is a nonprofit public benefit corporation which operates KQED-TV Channel 9, a non-commercial public television station, and KQED FM 88.5, a non-commercial radio station.

The proceeds of the Bonds were used to refund prior bonds issued in 1990 by Alameda County to finance the construction of its headquarters and broadcasting center in San Francisco (Prior Project). The Prior Project consisted of a three-story building with approximately 151,659 square feet, situated on 52,500 square feet of land.

In 1998, pursuant to SB 1184 (Chapter 4, Statutes of 1998), I-Bank assumed all of the responsibilities, liabilities and obligations of CEDFA and acts as CEDFA's successor entity.

According to the current trustee for the Bonds, US Bank, N.A. (Trustee), as of December 31, 2011, the outstanding principal balance of the Bonds was \$2,950,000. To date, I-Bank has received four notices requesting an optional redemption of Bonds in the amount of \$390,000.

NEED FOR ACTION

Under Article IV, entitled Redemption and Purchase of Bonds, of the indenture dated as of April 1, 1996, between the Authority and the Trustee (Indenture), the Authority shall not call Bonds for optional redemption, and the Trustee shall not give notice of any such redemption unless the Borrower has so directed such redemption and the Trustee has received the letter of credit bank's (LOC Bank) written consent to such optional redemption in accordance with the loan agreement dated as of April 1, 1996, between the Authority and Borrower (Loan Agreement).

I-Bank, as successor entity to CEDFA, is in receipt of the Borrower's written direction to partially prepay Bonds including the consent of Wells Fargo Bank, N.A., as the current LOC Bank, and which also includes a request for the I-Bank's written consent to such optional redemption (see Attachment 1).

BOARD DELEGATION AUTHORIZATION

I-Bank Board Resolution 11-24 delegates to the Executive Director, in connection with any proposed redemption of bonds or prepayment of the obligations of others to the I-Bank (Redemption), the authority to take all actions and execute and deliver all I-Bank documents necessary or convenient to accomplishing such Redemption.

STAFF RECOMMENDATION

Staff has determined that this request meets the requirements of I-Bank Board Resolution 11-24 and the Borrower's written request to optionally partially prepay and redeem Bonds should be approved by the Executive Director.

ATTACHMENTS

Attachment 1 Written Request of the Borrower to Prepay Bonds

Prepared by: Tara Dunn 2/6/12
Tara Dunn, Public Finance Specialist Date

Reviewed by: Joel Tokimitsu 2/6/12
Joel Tokimitsu, Bond Unit Manager Date
Comments:

Reviewed by: Marilyn Munoz 2/8/12
Marilyn Munoz, General Counsel Date
Comments:

- The amendment request falls within the authority delegated to the Executive Director. I-Bank Board consideration and approval is not required.
- The amendment request does not fall within the delegated authority of the I-Bank Executive Director, and Board consideration and approval of the request is required.

Reviewed by: Roma Cristia-Plant 2/9/12
Roma Cristia-Plant, Assistant Executive Director Date
Comments:

Approved by: Stanton Hazelroth 2-9-12
Stanton Hazelroth, I-Bank Executive Director Date
Comments:

ATTACHMENT 1 – Written Request of the Borrower to Prepay Bonds

February 3, 2012

Regina Lumanlan
 US Bank (formerly State Street Bank and Trust)
 633 West 5th Street, 24th floor
 Los Angeles, CA 90071

RE: California Infrastructure & Economic Development Bank (Formerly California Economic Development Financing Authority)
 Variable Rate Demand Refunding Revenue Bonds
 Series 1996 (KQED, Inc. Project) (the "Bonds")

Dear Ms. Lumanlan:

Pursuant to Section 4.01(5) of the Indenture (the "Indenture") dated as of April 1, 1996 by and between the California Economic Development Financing Authority (the "Authority") and State Street Bank and Trust Company of California, N.A. (the "Trustee"), the Bonds may be redeemed by the Trustee, at the option of the Authority and upon the request of KQED, Inc. (the "Borrower") on any Interest Payment Date, in whole or in part, at a redemption price equal to the principal thereof plus accrued interest to the date of redemption.

Pursuant to Section 8.5 of the Loan Agreement, the borrower shall give written notice at least 45 days prior to the date of redemption to the Trustee, The Bank and the Authority specifying the principal amount of bonds to be redeemed and the date upon which such prepayment will be made.

Please accept this letter as the Company's written request to redeem the principal amount of Bonds shown below on the Interest Payment Date listed below:

PRINCIPAL AMOUNT TO BE REDEEMED	\$390,000
Date	April 1, 2012

Sincerely,

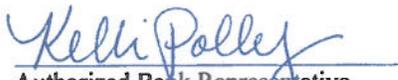


Authorized Borrower Representative
 KQED, Inc.



Authorized Authority Representative
 California Infrastructure & Economic
 Development Bank (Formerly CEDFA)

Approved By:



Authorized Bank Representative
 Wells Fargo Bank, NA