

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

STAFF REPORT

EXECUTIVE SUMMARY

Applicant:	Segerstrom Center for the Arts (Borrower or Segerstrom)	Par Amount Requested:	Not to exceed \$55,000,000
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. Segerstrom’s mission is to help shape Orange County’s future through meaningful collaborations with diverse communities, embracing creativity in all its forms and enabling a more inclusive and vibrant performing arts community in Orange County and across the Southern California region. Segerstrom’s goal is to show that communities thrive when exposed to the performing arts.		
Type of Financing:	The Borrower requests the issuance of conduit tax-exempt fixed rate bonds (Bonds), not to exceed \$55 million) for refunding the IBank issued Series 2011A and portions of the Series 2008A, B and D Bonds, funding a debt service reserve fund, and paying costs of issuance.		
Project Description:	The project (Project) consists of (1) refunding the all or a portion of Series 2011A bonds, and portions of the Series 2008A, B and D Bonds on a pro-rata basis. (2) establishing a debt service reserve fund, and (3) paying costs of issuance.		
Project Site:	615 Town Center Drive, Costa Mesa, CA 92626 (Orange County)		
Plan of Finance:	IBank will issue up to \$55 million in conduit tax-exempt fixed rate bonds (Bonds) for Segerstrom. The proceeds of the Bonds will be used to (1) refund (a) a portion of IBank’s Variable Rate Demand Revenue Bonds (Orange County Performing Arts Center), Series 2008A, Series 2008B, and Series 2008D, on a pro-rata basis and (b) all of IBank’s Revenue Bonds (Orange County Performing Arts Center) Series 2011A (collectively, the “Prior Bonds”) each of which was issued to refinance certain costs of the construction, equipping and furnishing of certain improvements to Segerstrom’s performing arts facilities, consisting of a concert hall named the Renée and Henry Segerstrom Concert Hall, with a capacity of approximately 2000 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,(2) establish a debt service reserve fund to secure the Bonds and (3) 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.		
Type of Issue:	Public Offering		
Tax Status:	Tax-exempt		
Term:	15 years		
Credit Enhancement:	None		
Credit Rating:	S&P, A-		
Fees:	Application Fee \$1,500; Issuance Fee \$55,000 (Including STO Fee of \$8,000); Annual Fee \$500		

Estimated Sources of Funds:		Estimated Uses of Funds:	
Bond Proceeds:		Project Fund Deposits:	
Par Amount	\$55,000,000	Series 2011 Refinance	\$28,000,000
Premium	\$14,457,300	Series 2008 Refinance	\$40,942,300
		Delivery Date Expenses:	
		Cost of Issuance	\$350,000
		Underwriter Discount	\$165,000
TOTAL SOURCES		TOTAL USES	\$69,457,300
TOTAL SOURCES		\$69,457,300	TOTAL USES
TOTAL SOURCES		\$69,457,300	\$69,457,300
Financing Team:			
Bond Counsel		Stradling Yocca Carlson & Rauth	
Tax Counsel:		Stradling Yocca Carlson & Rauth	
Underwriter:		Wells Fargo; US Bancorp	
Financial Advisor:		PFM Financial Advisors, LLC	
Trustee:		Union Bank	
Borrower's Counsel:		Rutan and Tucker	
Public Benefits:			
Segerstrom's Performing Arts Center (the Center) improves the quality of life for Southern California's growing population and visitors to Orange County by offering a venue for performing arts shows and educational programs. Further, thousands of free tickets are made available to students and the underprivileged each year. Segerstrom's educational programs reaches approximately 350,000 young people in seven California counties annually.			
Date of Board Meeting:		Resolution Number:	
May 24, 2016		16-12	
Prepared by:			
John Belmont on 5/10/2016			
Staff Recommendation: Staff recommends approval of Resolution No. 16-12 authorizing the issuance of conduit, tax-exempt fixed rate bonds, not to exceed \$55,000,000, for the benefit of Segerstrom Center for the Arts.			

BACKGROUND AND HISTORY

In the late 1960's, the initial idea and frame work 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 (Borrower or Segerstrom), 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 Borrower to construct a concert hall, a multi-use theater, an educational center, public restaurant and community plaza. The Center includes several 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 \$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 is home to three resident 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. Current leadership is listed in Appendix A.

PROJECT DESCRIPTION

The Borrower is requesting the issuance of conduit tax-exempt Revenue Bonds (Segerstrom Center for the Arts), Series 2016A (with such additional series designations as are authorized in the Indenture) (Bonds) in an amount not to exceed \$55,000,000 to (1) refund (a) a portion of IBank's Variable Rate Demand Revenue Bonds (Orange County Performing Arts Center), Series 2008A, Series 2008B, and Series 2008D, on a pro rata basis, and (b) all of IBank's Revenue Bonds (Orange County Performing Arts Center) Series 2011A (collectively, the "Prior Bonds") each of which was issued to refinance certain costs of the construction, equipping and furnishing of certain improvements to the Center consisting of a concert hall named the Renée and Henry Segerstrom Concert Hall, with a capacity of approximately 2000 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 , (2) establish a debt service reserve fund to secure the Bonds and (3) 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.

Segerstrom is refunding the following Prior Bonds:

Bond Issue	Par Amount	Outstanding as of December 31, 2015	Maturity Date	Purpose
Series 2008A (a portion)	\$90,000,000	\$69,320,000	7/1/2034	Refunding
Series 2008B (a portion)	\$90,000,000	\$69,320,000	7/1/2034	Refunding
Series 2008D (a portion)	\$25,000,000	\$23,960,000	7/1/2034	Refunding
Series 2011A (all)	\$28,000,000	\$28,000,000	7/1/2016	Refunding

The Series 2011A, Series 2008A, B and D bonds were issued to refund the following prior series of bonds:

- IBank Variable Rate Revenue Bonds, Series 2004A, 2004B and 2004C (2004 Bonds);
- IBank Variable Rate Revenue Bonds Series 2007A and 2007B (2007 Bonds)

The Series 2004 Bonds and the Series 2007 Bonds were issued to finance the construction, equipping and furnishing of improvements to the Center. The construction began in February 2003, and the Center opened for performances in September 2006 and was completed in March 2007.

The Project is comprised of the following property:

Segerstrom Center for the Arts
 615 Town Center Drive
 Costa Mesa, CA 92626

(see Appendix B--Project Photos).

FINANCING STRUCTURE

I Bank Term Sheet The Segerstrom Center for the Arts Date: May 24, 2016

Bond Par Amount:	Not to exceed \$55,000,000; in one or more tax-exempt series.
Type of Offering:	Public Offering
Underwriter:	Wells Fargo Bank, National Association and U.S. Bancorp Investments, Inc.
Credit Enhancement:	(not expected)
Expected Credit Rating:	Standard & Poor's Rating Services: A-
Interest*:	Not to exceed 6.00%
Maturity:	Maximum July 1, 2031
Collateral:	Corporation's personal property
Guaranty:	None
Expected Closing Date*:	June 28, 2016
Transaction:	(i) Refund (a) a portion of the California Infrastructure and Economic Development Bank Variable Rate Demand Revenue Bonds (Orange County Performing Arts Center), Series 2008A, Series 2008B, and Series 2008D, on a pro rata basis, and (b) all of the California Infrastructure and Economic Development Bank Revenue Bonds (Orange County Performing Arts Center) Series 2011A; (ii) Establish a debt service reserve fund to secure the Bonds; and (iii) Pay of costs of issuance for the Bonds.

*Please note that Interest Rate and Closing Date are subject to change.

Financing Structure

The interest rate on the Bonds will be fixed not to exceed 6% and interest payment dates are on January 1 and July 1, commencing July 1, 2016. The Series 2016 Bonds are not subject to redemption prior to their stated maturity.

The 2016 Bonds constitute a partial refunding of unhedged variable rate debt, therefore, fixed rate savings cannot be determined.

Limited Obligations of I Bank

The Bonds are payable solely from and secured solely by the pledge of the Borrower's payments under the transaction documents. Neither I Bank, 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

Seegerstrom's education department has 10 different programs that reaches over 350,000 students each year, in seven California counties. The Center provides a vehicle for its young people to participate in performing arts educational programs, and each year the Borrower offers thousands of free tickets to students and the underserved. These programs are designed to bring students from grammar school through the university level into contact with many different disciplines of performing arts and exposure to seasoned, accomplished professional artists. Seegerstrom provides performances, workshops, and residencies to promote arts at schools throughout Southern California and collaborates with Disney to introduce musical theater to schools. Through this program, schools will receive a 17-week musical theater residency as a 30 minute Disney KIDS Musical at the school site, working with professional teaching artists. Annually, the Arts Teach Showcase, a free event, is held at the Renée and Henry Seegerstrom Concert Hall where more than 60 internationally acclaimed professional artists attend, representing a variety of art forms such as dance, music, theater, storytelling and the visual arts.

Seegerstrom supports community through partnership with various organizations:

- **Military Families:** Hands-on workshops, and performances
- **Children's Hospital Orange County:** Teaching artists visit patients, and deliver therapeutic arts programs
- **Big Brothers Big Sisters:** Dance and theater workshops
- **Aids Services Foundation:** Visual arts program for youth affected by HIV/AIDS
- **California State University, Fullerton Partnership:** Training for teachers and students
- **Alzheimer's Orange County:** Music, dance and movement to early-stage Alzheimer patients
- **Community Events:** Providing hands-on activities by artists at community events

Seegerstrom's performing arts educational programs are offered through: Master classes, Broadway training, Summer classes, and ABT William J. Gillespie Dance School. The teachers at Master Classes are artists from Broadway, television, jazz, classical music and the world's leading dance companies.

In addition to its various artistic programs offered via its performance facilities, the Center is also the artistic home to three resident companies: Pacific Symphony, the Philharmonic Society of Orange County and Pacific Chorale. These companies perform at the Renée and Henry Seegerstrom Concert Hall.

OTHER PROJECT DATA

PERMITS AND APPROVAL	
Required?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, Describe: All approvals have been obtained.
TEFRA	
Date of TEFRA Publication:	5/20/2016
Publications:	<i>Orange County Register and The Sacramento Bee</i>
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. See Appendix C for Financial Statements. 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. 16-12 authorizing the issuance of conduit, tax-exempt fixed rate bonds, not to exceed \$55,000,000, for the benefit of Segerstrom Center for the Arts.

APPENDIX A: GOVERNANCE AND MANAGEMENT

BOARD OF DIRECTORS

Wylie A. Aitken	Aitken * Aitken * Cohn Santa Ana, CA
Julia Argyros	Philanthropist
Joan Beall	Philanthropist
David E. Blackford	President & CEO California Bank & Trust Irvine, CA
Allen Boerner	CEO Granite Investment Group Irvine, CA
Deborah Bridges	Philanthropist
Sandy Segerstrom Daniels	Managing Partner C.J. Segerstrom & Sons Costa Mesa, CA
Michael Feldman	Head of Wealth Management Union Bank Irvine, CA
Moti Ferder	Lugano Diamonds & Jewelry, Inc. Newport Beach, CA
Jackie Glass	Philanthropist
Joseph Hensley	Market President – SoCal Commercial Banking US Bank Newport Beach, CA
Shanaz Langson	Investment Building Group Newport Beach, CA
Thomas E. Larkin, Jr.	Philanthropist
Leslie Leyton	CEO California Auto Finance Anaheim, CA
General William Lyon	Chairman & CEO William Lyon Homes, Inc. Newport Beach, CA
Ethan F. Morgan	Managing Director, Private Bank J.P. Morgan Irvine, CA
Chris Rommel	SVL, Regional Managing Director Wells Fargo Wealth Management Irvine, CA

Eve Ruffatto	Philanthropist
Harriet Sandhu	Philanthropist
Elizabeth Segerstrom	Philanthropist
Yuri Vanetik	Vanetik International Orange, CA
William W. Wang	CEO Vizio Irvine, CA
Jaynine Warner	Philanthropist
Jane Fujishige Yada	Hiroshi Fujishige Survivor's Trust Irvine, CA

OFFICERS

John L. Ginger	Chairman of the Board CEO J. Ginger Masonry Riverside, CA
Terrence W. Dwyer	President
Brian Finck	Chief Financial Officer
Roger T. Kirwan	Treasurer/Vice Chair, Investments Chairman & CEO Woodside Credit Irvin, CA
Martha S. Bhathal	Secretary RAJ Manufacturing Tustin, Ca

EXECUTIVE COMMITTEE

Sally S. Crockett	Vice Chair, Support Groups Philanthropist
Carol Wilken	Vice Chair, Support Groups Philanthropist
James A. Driscoll	Vice Chair, Audit Special Projects Manager PAAMCO Irvine, CA
Stephen T. Fry	Co-Chair, Capital Campaign Steering Chairman, President & CEO Fry Steel Company Santa Fe Springs, CA

Lawrence M. Higby	Co-Chair, Capital Campaign Steering Philanthropist
Betty Huang	Vice Chair, Center Fund Philanthropist
Rick J. Muth	Vice Chair, Facilities President ORCO Block & Hardscape Stanton, CA
Mark C. Perry	Vice Chair, Long Range Planning Vice Chairman, Global Commercial Banking Bank of America Irvine, CA
Pat Poss	Vice Chair, Resident Companies Philanthropist
David H. Troob	Vice Chair, Finance Philanthropist
Gaddi Vasquez	Vice Chair, Education Senior Vice President, Public Affairs Edison International
Anthony A. Allen	Member-at-Large Philanthropist
Zelma M. Allred	Member-at-Large CEO Pool Water Products Irvine, CA
John C. Garrett	Member-at-Large John C. Garrett, Counsel Garrett DeFrenza Stiepel Ryder LLP Costa Mesa, CA
James Mazzo	Member-at-Large Executive Chairman & CEO AcuFocus, Inc. Irvine, CA
William F. Meehan	Member-at-Large Partner Rutan & Tucker, LLP Costa Mesa, CA
Michael Shapiro	Member-at-Large Chairman HOM Sotheby's International Realty Newport Beach, CA
Alan Simon	Member-at-Large Chairman Omaha Steaks Omaha, NE
Timothy L. Strader	Member-at-Large Chairman Starpointe Ventures Irvine, CA

Thomas E. Tucker	Member-at-Large Pennhill Properties Newport Beach, CA
Henry T. Segerstrom	Founding Chairman
David Emmes II	Vice Chair, Board Development President, U.S. Markets – West BNY Mellon Wealth Management Newport Beach, CA

APPENDIX B: PROJECT PHOTOS

Renee and Henry Segerstrom Concert Hall





