

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

STAFF REPORT

EXECUTIVE SUMMARY

Applicant:	Los Angeles County Museum of Natural History Foundation (“Borrower” or “Foundation”)	Par Amount Requested:	Not to exceed \$150,000,000
Applicant Description:	The Los Angeles County Museum of Natural History Foundation (the “Foundation”) is a California nonprofit public benefit corporation that, along with the County of Los Angeles (the “County”) and the State of California (the “State”), formed and operates a public-private partnership, the Los Angeles County Natural History Museum (the “Museum”).		
Type of Financing:	Conduit Tax-Exempt and/or Taxable Fixed Rate Bonds (“2020 Bonds”)		
Project Description:	The proceeds of the 2020 Bonds will be used to (i) refund, in whole, IBank’s Refunding Revenue Bonds (Los Angeles County Museum of Natural History Foundation) Series 2008A and Series 2008B (together, the “Refunded Bonds”), a portion of the proceeds of which were used to refund IBank’s Revenue Bonds (Los Angeles County Museum of Natural History Foundation) Series 2007A and Series 2007B (the “Series 2007 Bonds”); (ii) terminate two SWAP transactions related to the Refunded Bonds; (iii) fund working capital expenses; and (iv) pay certain costs of issuance related to the 2020 Bonds (collectively, the “2020 Project”)		
Project Site:	900 Exposition Boulevard, Los Angeles, California		
Plan of Finance:	IBank will lend the proceeds of the 2020 Bonds to the Borrower to finance the costs of the 2020 Project.		
Type of Issue:	Public Offering		
Tax Status:	Tax-Exempt and/or Taxable		
Term:	Up to 40 years		
Credit Enhancement:	None		
Credit Rating:	Moody’s, A2		
IBank Fees:	Application Fee \$4,000; Issuance Fee \$100,000; Initial Annual Fee \$3,000 per year		
STO Fees:	Agent For Sale \$10,000 to be paid directly to STO		
Estimated Sources of Funds:		Estimated Uses of Funds:	
Tax-Exempt and/or Taxable 2020 Bonds Proceeds	\$150,000,000	Refund 2008A&B Direct Purchase Bonds	\$90,000,000
		Costs of Issuance	\$2,000,000
		Swap Termination	\$40,000,000
		Capitalized Interest Fund	\$18,000,000
TOTAL SOURCES	\$150,000,000	TOTAL USES	\$150,000,000
Financing Team:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP Underwriter: Wells Fargo Securities Financial Consultant: Prager & Company, LLC Trustee: MUFG Union Bank, N.A.		

Public Benefits:	Refunding the outstanding Refunded Bonds and termination of the swap agreement will assist the Borrower with the budget uncertainty and elimination of the swap risks due to the swap market value fluctuations associated with the current synthetic fixed structure. The Borrower's purpose of this refunding is restructuring its portfolio, which may not produce any financial savings but will benefit the Foundation's operations and public purposes.	
Date of Board Meeting: July 22, 2020	Resolution Number: 20-10	Prepared by: Steven Wright on 7/3/2020
Staff Recommendation: Staff recommends approval of Resolution No. 20-10 authorizing the issuance of Conduit Tax-Exempt and/or Taxable Fixed Rate Bonds in an aggregate amount not to exceed \$150,000,000, for the benefit of Los Angeles County Museum of Natural History Foundation.		

BACKGROUND AND HISTORY

Background and History

The Los Angeles County Museum of Natural History Foundation is a California nonprofit public benefit corporation that, along with the County and the State, formed and operates a public-private partnership, the Los Angeles County Natural History Museum. The County owns the Museum buildings. The Foundation also operates the La Brea Tar Pits Museum and the William S. Hart Museum. The Foundation's mission is to inspire wonder, discovery, and responsibility for our natural and cultural worlds.

Natural History Foundation Family of Museums

The Museum opened in 1913, as the first public cultural institution in Los Angeles. Located in Exposition Park, the Museum holds millions of specimens and artifacts that span over 4.5 billion years of Earth and human history. Some exhibits that have appeared at the Museum are the Age of Mammals, Dinosaur Hall and Becoming L.A., the Nature Gardens and the Nature Lab.

The La Brea Tar Pits and Museum (the "Tar Pits"), located in central Los Angeles, was established in 1977. The Tar Pits has some of the most diverse collection of extinct ice age plants and animals, which consists of more than 600 species.

The William S. Hart Museum, located in the City of Newhall, is housed in the former home and ranch of the famed silent film actor and director William S. Hart. The 22-room mansion and 166-acre ranch exhibits original furnishings, a collection of Western artwork, Native American artifacts, and early Hollywood memorabilia.

The California Secretary of State reports active status for the Borrower. Current leadership is listed in Appendix A.

PROJECT DESCRIPTION

The Borrower is requesting approval to issue conduit Tax Exempt and/or Taxable Fixed Rate 2020 Bonds in an amount not to exceed \$150,000,000. The proceeds of the 2020 Bonds will be used to (i) refund, in whole, the Refunded Bonds, a portion of the proceeds of which were used to refund IBank's Series 2007 Bonds, (ii) terminate two SWAP transactions related to the Refunded Bonds; (iii) fund working capital expenses; and (iv) pay certain costs of issuance related to the 2020 Bonds.

Foundation's IBank Issued Bonds

IBank previously issued two series of bonds for the benefit of the Foundation. The Refunded Bonds were reissued for federal tax purposes in 2017 as discussed below:

The Series 2007 Bonds were issued pursuant to IBank Resolution No. 07-06 adopted on March 21, 2007. The Series 2007 Bonds financed the acquisition, rehabilitation, renovation, construction, equipping and improvement of the Foundation's museum, educational and exhibition facilities located at 900 Exposition Boulevard Los Angeles, California.

The Refunded Bonds were first issued pursuant to IBank Resolution No. 08-04 adopted on March 27, 2008. The Refunded Bonds' proceeds were used to finance or refinance the

costs of the Museum facilities; current refund the Series 2007 Bonds, provide working capital for the Foundation, fund capitalized interest; and pay costs of issuance associated with the project.

The documents governing the Refunded Bonds were modified pursuant to IBank Resolution No. 17-07 adopted on April 25, 2017. Among other things, the 2017 modifications changed the interest rate provisions of the Refunded Bonds. These changes caused a deemed reissuance of the Refunded Bonds for federal tax purposes. Wells Fargo Municipal Capital Strategies, LLC was the direct purchaser of the Refunded Bonds.

Table I - The Refunded Bonds

Refunded Bonds	Issue Date	Par Amount	Outstanding Balance	Maturity Date	Purpose
Series 2008A	10/18/17	\$44,895,000	\$44,895,000	9/1/2037	Remarketing Series 2008A Bonds
Series 2008B	10/18/17	\$44,895,000	\$44,895,000	9/1/2037	Remarketing Series 2008B Bonds

(See Appendix B--Project Photos).

FINANCING STRUCTURE

IBank Term Sheet Los Angeles County Museum of Natural History Foundation

California Infrastructure and Economic Development Bank Refunding Revenue Bonds (Los Angeles County Museum of Natural History Foundation) Series 2020 Board Meeting Date: 7/22/2020

Par Amount:	Not to exceed \$150,000,000 in one or more series, Tax-Exempt and/or Taxable
Type of Offering:	Public Offering
Underwriter:	Wells Fargo Bank, National Association
Expected Credit Rating:	Moody's Investor Services: "A2"
True Interest Cost:	Not to exceed 7%
Maturity*:	September 1, 2060
Expected Closing Date*:	October 1, 2020
Conduit Transaction:	The 2020 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 2020 Bonds.

*Please note that 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 to Wells Fargo Bank, National Association. The proceeds of the Bonds will be loaned to the Borrower pursuant to a Loan Agreement. The Bonds are issuable as fully registered Bonds in denominations of \$5,000 and any integral multiple thereof.

PUBLIC BENEFITS

The museum facilities the Foundation operates (the “Family of Museums”) protect and share more than 35 million specimens and artifacts, the largest natural and cultural history collection in the western United States. The facilities educate and inspire families and schoolchildren of all backgrounds. The Family of Museums offers educational programs that has served nearly 300,000 students yearly, both on and off campus.

The Family of Museums employ approximately 459 full and part time employees.

The Refunded Bonds and Swap Termination

Refunding the outstanding Refunded Bonds and termination of the swap agreement will assist the Borrower with the budget uncertainty and elimination of the swap risks due to the swap market value fluctuations associated with the current synthetic fixed structure. The Borrower’s purpose of this refunding is restructuring its portfolio, which may not produce any financial savings but will benefit the Foundation’s operations and public purposes.

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:	July 13, 2020
Publications:	The <i>Metropolitan News-Enterprise of Los Angeles</i> and the <i>Sacramento Daily Recorder</i> .
Date of TEFRA Hearing:	July 20, 2020
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. 20-10 authorizing the issuance of Conduit Tax-Exempt and/or Taxable Fixed Rate Bonds in an aggregate amount not to exceed \$150,000,000, for the benefit of Los Angeles County Museum of Natural History Foundation.

APPENDIX A: GOVERNANCE AND MANAGEMENT

BOARD OF DIRECTORS

Anissa Balson	Position: Director Affiliated Company: William Randolph Hearst Foundation City, State: San Francisco, CA
James E. Blancarte	Position: Judge Affiliated Company: California Superior Court City, State: Los Angeles, CA
Louisa R. Cardenas	Position: Master Gardener Affiliated Company: Carthay School of Env. Studies City, State: Los Angeles, CA
Esther Chui Chao	Position: General Partner Affiliated Company: Giant Panda Management City, State: Beverly Hills, CA
Stephen J. Davis	Position: President Affiliated Company: Hasbro Studios City, State: Burbank, CA
Susan Dever	Position: Philanthropist Affiliated Company: City, State: Lomita, CA
Heather de Roos	Position: Vice President of the Board Affiliated Company: City, State: Manhattan Beach, CA
Charlene Dimas-Peinado	Position: President and CEO Affiliated Company: Wellnest City, State: Los Angeles, CA
Nancy Edwards	Position: Philanthropist Affiliated Company: City, State: Playa del Rey, CA
Shannon Faulk	Position: President of the Board of Trustees Affiliated Company: Farmers Insurance City, State: Los Angeles, CA
Michael J. Fourticq, Sr.	Position: Managing Partner & Founder Affiliated Company: Hancock Park Associates, Inc. City, State: Los Angeles, CA
Mark Gavens	Position: Senior Vice President of Clinical Care Services & COO (retired) Affiliated Company: Cedars-Sinai City, State: Los Angeles, CA
William M. Garland, III	Position: Equity Trader Affiliated Company: Quercus, LLC City, State: Pacific Palisades, CA

BOARD OF DIRECTORS

Tom Gilmore	Position: Partner Affiliated Company: Gilmore Associates City, State: Los Angeles, CA
Stanley Gold	Position: President and CEO Affiliated Company: Shamrock Holdings, Inc. City, State: Burbank, CA
Karen A. Hoffman	Position: Managing Director Affiliated Company: The Ahmanson Foundation City, State: Beverly Hills, CA
Andrew Jameson	Position: Managing Partner Affiliated Company: Path Content Group City, State: West Hollywood, CA
Sarah Meeker Jensen	Position: Chair of the Board, President Affiliated Company: Jensen + Partners City, State: Los Angeles, CA
Malcolm Johnson	Position: Executive Director Affiliated Company: JPMorgan Chase & Co City, State: Los Angeles, CA
Curtis C. Jung	Position: President of the Board of Governors, Founder Affiliated Company: Jung & Yuen LLP City, State: Los Angeles, CA
Rick Keller	Position: Managing Director Affiliated Company: Morgan Stanley Private Wealth Mgmt. City, State: Los Angeles, CA
Alexander Kendall	Position: Investor Affiliated Company: Sarissa Consulting City, State: Santa Monica, CA
Vince Lawler	Position: Executive Director, Investment Manager Affiliated Company: JPMorgan Chase & Co City, State: Los Angeles, CA
Margaret Levy	Position: Esquire Affiliated Company: ADR Services City, State: Los Angeles, CA
Joseph Lumarda	Position: Senior Vice President Affiliated Company: Capital Group City, State: Los Angeles, CA
Walter N. Marks	Position: President Affiliated Company: Walter Marks Realty Company City, State: Los Angeles, CA
Gregg Martin	Position: Founding Partner Affiliated Company: Hamburg, Karic, Edwards & Martin LLP City, State: Los Angeles, CA

BOARD OF DIRECTORS

Megan McGowan Epstein	Position: Vice President, Investment Manager Affiliated Company: Goldman Sachs City, State: Los Angeles, CA
Diane G. Medina	Position: Managing Director Affiliated Company: Latino Theater Company at LATC City, State: Los Angeles, CA
Eric B. Moore	Position: Principal Affiliated Company: Avison Young City, State: Los Angeles, CA
Noramae R. Munster	Position: Philanthropist Affiliated Company: City, State: San Pedro, CA
Diane Naegele	Position: President Affiliated Company: RJN Productions City, State: Beverly Hills, CA
Joan Payden	Position: Founder, President & CEO Affiliated Company: Payden & Rygel City, State: Los Angeles, CA
Jonathan M. Peacock	Position: Chairman Affiliated Company: Bellerophon Therapeutics, Inc. City, State: Morristown, New Jersey
Dr. Lori Bettison-Varga	Position: President and Director of the Museum Affiliated Company: Natural History Museum City, State: Los Angeles, CA
Peter Scranton	Position: Philanthropist Affiliated Company: City, State: Los Angeles, CA
Monica Wahl Shaffer	Position: President of the Alliance Fellows at NHMLAC Affiliated Company: City, State: Los Angeles, CA
Michael Silver	Position: Founder and CEO Affiliated Company: American Elements City, State: Los Angeles, CA
Jeff Stibel	Position: Partner Affiliated Company: Bryant Stibel City, State: Los Angeles, CA
Sheldon Stone	Position: Director, Principal and Portfolio Manager Affiliated Company: Oaktree Capital City, State: Los Angeles, CA
Richard S. Volpert	Position: Partner Affiliated Company: Glaser Weil City, State: Los Angeles, CA
Eric E. Younger	Position: Retired Judge Affiliated Company: City, State: Los Angeles, CA

OFFICERS

Dr. Lori Bettison-Varga	President and Director
Robin Aspinall	Chief Financial Officer
Paul Bessire	Chief Advancement Officer
Luis M. Chiappe	Senior VP, Research & Collections
Dawn McDivitt	Chief Deputy Director
Nooshin Nathan	Chief Talent Officer
Su Oh	VP, Exhibitions, Education and Community Engagement
Cynthia Wornham	Senior VP, Strategic Engagement

APPENDIX B: PROJECT PHOTOS



The Nature Gardens at the Natural History Museum



East Entrance to Natural History Museum



Research scientist preparing specimen for display



“Dueling Dinos” on display in the Dinosaur Hall