

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-Bank)
501(c)(3) REVENUE BOND FINANCING PROGRAM**

STAFF REPORT

EXECUTIVE SUMMARY

Applicant:	Columbia College doing business as Columbia College Hollywood (Borrower or College)	Amount Requested:	Not to exceed \$5,240,000
Applicant Description:	The Borrower, a California nonprofit public benefit corporation, provides Bachelor of Arts and Associate of Arts degrees in the theory and practice of the arts and sciences of motion picture and television production.	Date of Board Meeting:	September 21, 2010
		Resolution Number:	10-30
		Type of Bonds:	New Issue
Project Site:	18600 and 18618 Oxnard Street Tarzana, CA 91356, within the City of Los Angeles	Prepared by: Tara Dunn	
Project Description:	The project (Project) involves refinancing a portion of existing debt used to finance the cost of acquiring, constructing, rehabilitating, improving, equipping and general development of the Borrower's facilities.		
Uses of Bond Proceeds:	Bond proceeds will be used to pay the costs of the Project including issuance costs of the bonds.		
Public Benefits:	The Project's estimated cash flow savings of over \$200,000 annually will result in reducing the College's operating costs, thereby increasing revenue to support an expansion of services to its students.		
Financing Structure:	Publicly-offered variable-rate securities in authorized denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof.		
Type of Issue:	Tax-exempt 501(c)(3) bonds		
Tax Status:	Not to exceed 30 years.		
Term:	Direct-pay letter of credit from Rabobank, N.A. with a confirming letter of credit from Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland)		
Credit Enhancement:	Expected rating is AA+/F1+ from Fitch Ratings based on the ratings of Rabobank, N.A. and Rabobank Nederland.		
Credit Rating:			
Est. Sources of Funds:		Est. Uses of Funds:	
Par amount of the bonds	\$5,240,000	Refinance Existing Debt	\$5,223,040
Equity Contribution	214,285	Costs of Issuance	231,245
TOTAL SOURCES	\$5,454,285	TOTAL USES	\$5,454,285
Financing Team:	Kutak Rock LLP		
Bond and Disclosure Counsel:	BNY Mellon Capital Markets, LLC		
Underwriter:	The Bank of New York Mellon Trust Company, N.A.		
Trustee:	Access to Capital, LLC		
Financial Advisor:			
Staff Recommendation:	Staff recommends approval of Resolution 10-30 for an amount not to exceed \$5,240,000 for Columbia College doing business as Columbia College Hollywood.		

BACKGROUND AND HISTORY

Columbia College, a qualified 501(c)(3) non-profit corporation doing business as Columbia College Hollywood (College or Borrower), is a degree-granting institution that trains students in film and television production. The College was founded in 1952 and originally focused on television and radio broadcasting. During the 1960s, due to increased film production in the television industry, the College expanded adding a cinema department. The College operates from a two story 44,000 square foot building located in the district of Tarzana in Los Angeles, California.

The College, offering four year baccalaureate degrees and a two year associate's degree, is accredited by the National Association of Schools of Arts and Design and approved by the California Bureau for Private Postsecondary Education. All incoming students are required to choose both a major (Cinema or combined Cinema-Television) and a specific area of emphasis within that major – Producing, Directing, Screenwriting, Cinematography, or Editing.

The College's current annual enrollment is approximately 1400. The annual tuition for a full-time student is currently \$16,785. The Borrower estimates that 75-80% of its students receive federal financial assistance.

The College emphasizes hands-on instruction with students learning all aspects of filmmaking including writing, directing, production design, acting, editing, cinematography, composing, and sound design.

For its academic instruction, the College employs 52-72 part-time faculty who are actively involved in the entertainment industry. The number of faculty fluctuates due to the number of students enrolled in specific classes as well as instructors' engagements in media productions. Upon graduation, the College offers job placement services with over 90% of graduates finding work.

GOVERNANCE AND MANAGEMENT

Board of Trustees	
Patrick W. Zilliacus	Chairman
Richard Kobritz	President and CEO
Ted O'Karma	Secretary/Treasurer
William Walker	Member
Richard Larsen, PhD	Member
Rockne S. O'Bannon	Member

PROJECT DESCRIPTION

The Borrower intends to use the proceeds of the proposed I-Bank bonds to refinance \$5,223,040 of an existing taxable loan (Taxable Loan) used to finance the cost of acquiring, constructing, rehabilitating, improving, equipping and general development of the College's facilities located at 18600 and 18618 Oxnard Street, in Tarzana.

FINANCING STRUCTURE

The Borrower is requesting approval for the issuance of bonds (Bonds) in an amount not to exceed \$5,240,000.

Payment of principal and interest on the Bonds will initially be enhanced by an irrevocable direct pay letter of credit (LOC) provided by Rabobank, N.A. with an irrevocable confirming letter of credit (Confirming LOC) provided by Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) to be executed simultaneously with the issuance of the Bonds. It is expected that the Bonds will carry a rating of "AA+/F1" from Fitch Ratings based upon the credit ratings of the LOC and Confirming LOC providers.

In no event shall the Bonds constitute a pledge of the faith and credit of the State or any political corporation, subdivision or agency of the State, and neither the State nor any political corporation, subdivision or agency of the State shall be liable to make any appropriation for the repayment of the Bonds. The Bonds shall constitute a special obligation of the I-Bank, payable solely from revenues or other sources provided for in the loan agreement between the I-Bank and the Borrower.

PUBLIC BENEFITS

The Project will enable the College to maintain, enhance and expand its degree-granting programs in the arts and sciences of motion pictures and television without increasing its tuition for academic instruction.

The Borrower estimates that refinancing the Taxable Loan will result in an annual cash flow savings of approximately \$237,000. As a result, the tax-exempt financing will result in reduced operating costs, thereby increasing revenue to support an expansion of services to its students.

OTHER PROJECT DATA

PERMITS AND APPROVAL	
Required?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Describe:
TEFRA	
Date of TEFRA	September 21, 2010
Publications	<i>The Sacramento Bee</i> <i>Metropolitan-News Enterprise</i>
Oral/Written Comments Received	<input type="checkbox"/> NO <input type="checkbox"/> YES, Explain: No comments are expected.
LEGAL QUESTIONNAIRE	
Completed?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Issues?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Explain:
ELIGIBILITY REVIEW	
Borrower meets all of the I-Bank eligibility criteria? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	<ol style="list-style-type: none"> 1. The Project is within the State of California. 2. The College is capable of meeting its obligations incurred under the proposed loan agreement, and, in particular as to its loan repayment obligations which secure the Bonds, as a result of the College's ability to satisfy the requirements imposed by Rabobank, N.A, as the provider of the initial letter of credit, and Rabobank Nederland, as provider of the confirming letter of credit, which are the basis for the anticipated rating on the Bonds. 3. Payments to be made by the College to the I-Bank under the proposed loan agreement are adequate to pay the current expenses of the I-Bank in connection with the financing and to make all the scheduled payments on the Bonds. 4. The proposed financing is appropriate for the Project. 5. The College has represented that its facilities are consistent with any existing local or regional comprehensive plans.
The Project meets the Policies and Procedures for Conduit Revenue Bond Financing for Economic Development Facilities established as guidelines for I-Bank Staff by the Board: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	
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 10-30, for an amount not to exceed \$5,240,000 for Columbia College d/b/a Columbia College Hollywood.

APPENDIX A – PROJECT PHOTOS



Entrance to the College.



The College's state-of the art television soundstage built in 2008.



Street view of the College.