

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

STAFF REPORT

EXECUTIVE SUMMARY

Applicant:	Academy Museum Foundation (“Museum Foundation” or “Borrower”)	Amount Requested:	Not to exceed \$370,000,000
Applicant Description:	The Museum Foundation was organized in March 2005 as a California non-profit public benefit corporation and an organization described under Internal Revenue Code Section 501(c)(3). The Museum Foundation was incorporated for the purpose of owning and operating a museum dedicated to the arts and sciences of motion pictures.		
Type of Financing:	Conduit Tax-exempt and Taxable Fixed Rate Refunding Revenue Bonds (“Bonds”).		
Project Description:	The proceeds of the Bonds will be loaned to the Borrower to: (i) refund all or a portion of the California Infrastructure and Economic Development Bank Revenue Bonds (Academy of Motion Picture Arts and Sciences Obligated Group), Series 2015A (“2015A Bonds”) and California Infrastructure and Economic Development Bank Revenue Bonds (Academy of Motion Picture Arts and Sciences Obligated Group), Series 2015B Bonds (“2015B Bonds” and together, the “2015 Bonds”), which IBank issued to (1) finance the Academy Museum of Motion Pictures, including the refinancing and the reimbursement of previously paid costs of such museum, (2) refund (Academy of Motion Picture Arts and Sciences Obligated Group) Series 2008, including the payment of an amount for the termination of a related interest rate swap agreement, (3) refinance an unsecured note the proceeds of which were used to acquire a long term lease for the site of the Academy Museum of Motion Pictures, and (4) pay the costs of issuance of the Series 2015 Bonds; and (ii) pay costs of this transaction.		
Project Site:	6067 Wilshire Boulevard, Los Angeles, CA 90036 (Los Angeles County)		
Plan of Finance:	IBank will lend the proceeds of the Bonds to the Museum Foundation to refund all or a portion of the 2015 Bonds and pay for the costs of issuance of the Bonds. The 2015B Bonds will be refunded with the tax-exempt California Infrastructure and Economic Development Bank Refunding Revenue Bonds (Academy of Motion Picture Arts and Sciences Obligated Group), Series 2020B Bonds (“2020B Bonds”) and the 2015A Bonds will be refunded with the taxable California Infrastructure and Economic Development Bank Refunding Revenue Bonds (Academy of Motion Picture Arts and Sciences Obligated Group), Series 2020C Bonds (“2020C Bonds”).		
Tax Status:	Tax-exempt and taxable		
Term:	Up to 35 Years		
Credit Enhancement:	No Credit Enhancement		
Credit Rating:	Moody's Aa2		
IBank Fees:	Application Fee \$4,000; Issuance Fee \$150,000; Initial Annual Fee \$4,000		
STO Fee:	Agent for Sale \$10,000 to be paid to STO		

Estimated Sources of Funds:			Estimated Uses of Funds:	
2020B Bonds Proceeds		\$130,000,000	Refunding Series 2015B	\$128,000,000
2020C Bonds Proceeds		\$240,000,000	Refunding Series 2015A	\$238,317,150
			Costs of Issuance	\$3,682,850
TOTAL SOURCES		\$370,000,000	TOTAL USES	\$370,000,000
Financing Team:				
	Bond Counsel:	Hawkins, Delafield & Wood LLP		
	Underwriter's Counsel:	Orrick, Herrington & Sutcliffe LLP		
	Underwriter:	Wells Fargo Securities		
	Trustee:	Wells Fargo Bank, N.A.		
Public Benefits:	The Museum Foundation will operate a museum dedicated to the art, science, and history of filmmaking. The museum will be open to the general public at little to no cost. The financing is expected to save the Borrower over \$18 million, which will allow the Borrower to direct additional resources towards its museum exhibits and operations.			
Date of Board Meeting:		Resolution Number:	Prepared by:	
4/22/2020		20-05	Fariba Khoie	
Staff Recommendation: Staff recommends approval of Resolution No. 20-05, authorizing the issuance of Conduit Tax-exempt and Taxable Fixed Rate Refunding Revenue Bonds in an amount not to exceed \$370,000,000 for the benefit of the Academy Museum Foundation.				

BACKGROUND AND HISTORY

The Borrower and Affiliated Organizations

The Borrower is a tax-exempt non-profit public benefit corporation and an organization described under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Borrower is a Type I “supporting organization” as described in Section 509(a)(3), with the Academy Foundation as its “supported organization”. The Borrower is classified by the I.R.S. as a “Non-private Foundation” and a “Public Charity” under section 509(a) of the Code and is part of the "Academy Obligated Group", described below.

The Academy Obligated Group (“Obligated Group”)

The Obligated Group consists of five related non-profit corporations: (1) the Academy of Motion Picture Arts and Sciences (The “AMPAS” or “Academy”); (2) the Academy Foundation (the “Foundation”); and three Foundation-controlled supporting 501(c)(3) / 509(a)(3) organizations: (a) the Academy Museum Foundation (the “Academy Museum Foundation” or “Borrower”), (b) the Archival Foundation (the “Archival Foundation”), and (c) the Vine Street Archive Foundation (the “Vine Street Foundation”). See Appendix A - Trustees and Officers and Organization Chart.

The following describes each Obligated Group member.

(1) Academy

The Academy is a professional honorary organization composed of over 9,000 motion picture craftsmen and women. The mission of the Academy is to recognize and uphold excellence in the motion picture arts and sciences, inspire imagination, and connect the world through the medium of motion pictures. It does this by preserving the past, honoring the present, and shaping the future of motion pictures.

(2) The Foundation

The Foundation was formed with the purpose of promoting and supporting educational and cultural activities related to the motion picture industry, including the preservation of its history and the promotion of its future. The Foundation organizes and oversees film-related educational and cultural activities including:

- Exhibitions and Screenings
- Lectures and Seminars
- Retrospectives, Tributes and Salutes
- Financial Grants and Fellowships
- Media Literacy Program
- Visiting Artists

(3) The Vine Street Foundation

The Vine Street Foundation’s primary purpose is to promote and further the study and importance of motion pictures in the life of the public including through the ownership and management of the Mary Pickford Center for Motion Picture Studies.

(4) The Academy Museum Foundation

The Academy Museum Foundation, was formed to develop and operate a museum, known as the Academy Museum of Motion Pictures (the “AMPAS” or “Academy”)

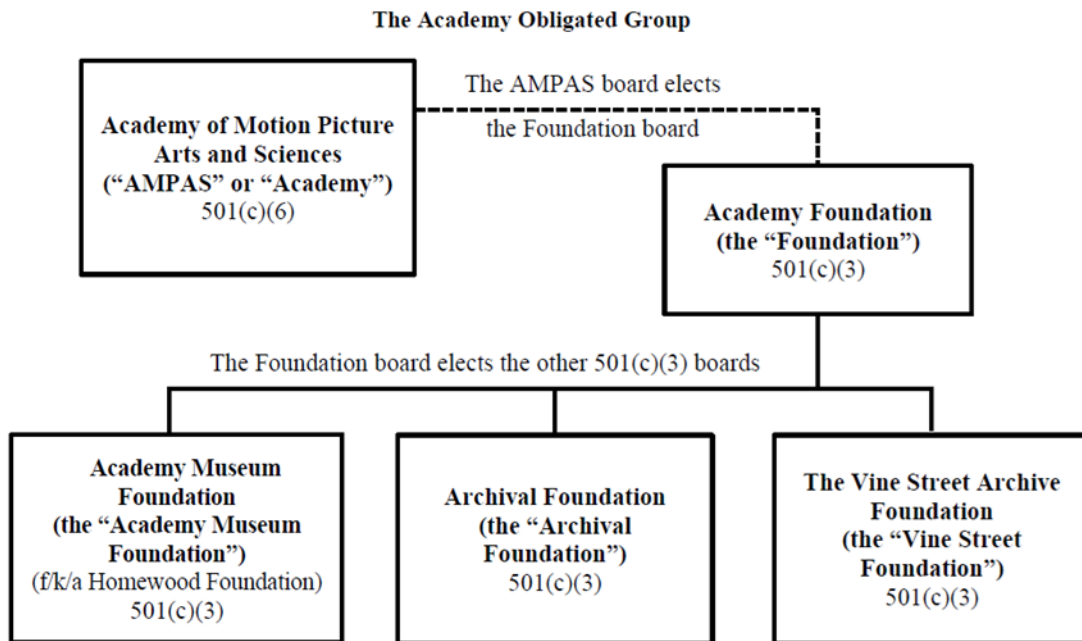
dedicated to the arts and sciences of motion pictures. After construction, the Academy will present exhibitions and programs devoted to the history and future of the motion picture industry. This will include, educational programs, screenings, panel discussions, displays of memorabilia, immersive gallery experiences and other program features that will allow visitors to experience the culture of movies.

(5) The Archival Foundation

The Archival Foundation operates and manages the Douglas Fairbanks Center for Motion Picture Study, the Margaret Herrick Film Library, and the Academy Film Archive which is housed in the Pickford Center.

Organization Chart

The following chart displays the relationships among the five non-profits:



PROJECT DESCRIPTION

The Project consists of refunding all or a portion of the 2015 Bonds and financing the associated transaction costs. The 2015 Bonds were issued primarily for the purpose of financing the development and construction of the Academy Museum.

The Academy Museum

The Academy Museum is located on the western edge of the campus of the Museum Associates, a private non-profit public benefit corporation doing business as the Los Angeles County Museum of Art (“LACMA”).

The Borrower leased the land, and a portion of the building shell, for the Academy Museum from LACMA on October 18, 2012. The initial term of the lease will expire on October 18, 2067 and the borrower holds an option to extend the lease for an additional 55 years.

Construction of the Academy Museum is nearly complete. Part of the Academy Museum is located within a section of the newly-renovated Wilshire May Company Building. The other part of the Academy Museum consists of a newly-constructed 1,000 seat theater built over an at-grade piazza. The Academy Museum is expected to open on December 14, 2020.

The Academy Museum will be dedicated to presenting and exploring the history of motion pictures and the motion picture industry. This will include educational programs, screenings, panel discussions, displays of memorabilia, immersive gallery experiences and other programs that will allow visitors to experience the magic of movies.

The Refunding Project

The Project will allow the Borrower to take advantage of the historically low interest rates. The Bonds will refund all or a portion of the 2015A Bonds and 2015B Bonds IBank issued for the Borrower's benefit. The 2015A Bonds were issued as long-term fixed rate bonds with coupon rates ranging between 2.00% - 5.00% and yield between 1.45% - 3.80%, with the final maturity on November 1, 2045.

The 2015B Bonds were issued as variable rate bonds in an Index Mode. The 2015B Bonds Initial Index Mode Rate Period will end on October 31, 2020 and have a Mandatory Tender Date of November 1, 2020. The 2015B Bonds are accruing interest to October 31, 2020 at the determined weekly rate of 70% of the LIBOR Index plus an Index Mode Spread of 95 basis points. The 2015B Bonds are subject to mandatory tender for purchase on November 1, 2020, on any unscheduled mandatory tender date on or after May 1, 2020. The Borrower expects this refunding transaction to result in a net present value savings of up to \$18 million.

PRIOR IBANK FINANCINGS

On March 10, 2020, IBank issued the Academy of Motion Picture Arts and Sciences Obligated Group, Series 2020A Bonds ("2020A Bonds"), the proceeds of which were used to finance a portion of the costs of constructing the Academy Museum and paying the costs of issuance.

On October 22, 2015, IBank issued the Academy of Motion Picture Arts and Sciences Obligated Group 2015 Bonds, the proceeds of which were used to finance a portion of the construction of the Academy Museum, refund all of the IBank outstanding Variable Rate Demand Refunding Revenue Bonds (Academy of Motion Picture Arts and Sciences Obligated Group) Series 2008, including the payment of an amount for the termination of a related interest rate swap agreement, refinance an unsecured note used to obtain a long term lease for the Academy Museum site and shell, and pay the costs of issuance.

The following table lists the current outstanding bonds IBank issued on behalf of the Borrower, with the outstanding principal balances shown as of December 31, 2019:

Outstanding Debt	Issue Date	Issue Par Amount	Final Maturity	Current Outstanding Amount	Trustee
2020A	3/10/2020	\$100,000,000	11/1/2030	\$100,000,000	Wells Fargo
2015A*	10/22/2015	\$212,960,000	11/1/2045	\$212,960,000	Wells Fargo
2015B*	10/22/2015	\$128,000,000	11/1/2045	\$128,000,000	Wells Fargo
	Total	\$440,960,000		\$440,960,000	

** The Proceeds of the Bonds will be used to refund all or a portion of the 2015A Bonds and the 2015B Bonds.*

FINANCING STRUCTURE

IBank Term Sheet

The Academy Museum of Motion Pictures Project

Date: April 22, 2020

Bond Par Amount:	Up to an aggregate principal amount not to exceed \$370,000,000; in one or more tax-exempt and taxable series
Type of Offering:	Public Offering in one or more series
Underwriter:	Wells Fargo Bank, National Association
Credit Enhancement and Expected Credit Rating:	No Credit Enhancement; Expected Rating on the Bonds of "Aa2" from Moody's Investors Service, and in no event less than "A3". A rating of at least "A3" is required as a condition to closing.
Interest Rate*:	The average effective yield across all of the Bonds will not exceed 5%.
Maturity*:	Up to 35 Years
Collateral:	Pledge of Gross Revenues
Expected Closing Date*:	May 13, 2020
Obligated Group:	Academy of Motion Picture Arts and Sciences, Academy Foundation, The Vine Street Archive Foundation, Archival Foundation, and Academy Museum Foundation
Conduit Transaction:	The Bonds are special, limited obligations payable solely by the Borrower's payments under the Loan Agreement, the Indenture and the other Transaction Documents, and by payments from the Obligated Group made pursuant to a Supplemental Master Indenture, and Infrastructure Bank shall not be directly or indirectly, contingently or morally, obligated to use any other moneys or assets of Infrastructure Bank for all or any portion of the payment to be made pursuant to the Bonds.

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

FINANCING STRUCTURE

The Bonds will be issued at a fixed rate and on a tax-exempt and/or taxable basis, be secured by an indenture, and sold through a public offering pursuant to a Bond Purchase Agreement. 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. The Bonds are payable from loan payments made by the Museum Foundation under the loan agreement and amounts paid by the Obligated Group under Obligation No. 4 and Obligation No. 5 (discussed below).

The Obligated Group issued a series of obligations as a backstop for the Borrower's payment of debt service on the 2015 Bonds and the 2020A Bonds (the "Existing Obligations"). Further, the Obligated Group will issue two more obligations to ensure payment on the Bonds (the "New Obligations" and together with the Existing Obligations, the "Obligations"). In essence, each of the Obligations functions as a surety instrument, requiring the members of the Obligated Group to pay debt service on the associated bonds if the Borrower fails to do so. Obligation No. 1 was issued in connection with the 2015A Bonds and will remain outstanding to the extent that a portion of the 2015A Bonds remain outstanding. Obligations No. 2 was issued in connection with the 2015B Bonds and will be terminated once the 2015 Bonds are refunded. Obligation No. 3 was issued in connection with the 2020A Bonds and will remain outstanding following issuance of the Bonds. Obligation No. 4 will be issued in connection with the 2020B Bonds and Obligation No. 5 will be issued in connection with the 2020C Bonds.

The Bonds are payable from loan payments made by the Museum Foundation under the loan agreement and amounts paid by the Obligated Group under Obligation No. 4 and Obligation No. 5. Each Obligation will provide that the Obligated Group members are obligated to pay to the bond trustee amounts due under the Loan Agreement with respect to a certain portion of the 2015A Bonds that will not be refunded with the 2020C Bonds, the 2020A Bonds, the 2020B Bonds, and the 2020C Bonds.

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 and payments by certain of the Borrower's affiliates under a suretyship arrangement. Neither IBank, 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 Bond 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

The Borrower will own and operate the Academy Museum, which will be dedicated to the art, science, and history of motion pictures and the motion picture industry. The Academy Museum will include exhibits, film screenings, and panel discussions.

Programs and events will be available year-round at low or no cost to the general public and Academy members. The Project is expected to result in a net present value savings for the Borrower of up to \$18 million. This will enable the Borrower to dedicate more resources toward serving the Academy Museum patrons.

OTHER PROJECT DATA

PERMITS AND APPROVAL	
Required?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Describe:
TEFRA	
Date of TEFRA Notice	3/16/2020
Publications	<i>The Sacramento Bee</i> <i>Los Angeles Times</i>
Date of TEFRA Hearing	3/23/2020
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. The Project is in the State of California. 2. Academy Museum Project is capable of meeting the obligations incurred under the proposed loan agreement. 3. Payments to be made to IBank under the proposed loan agreement are adequate to pay the current expenses of IBank 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 Project is consistent with any existing local or regional comprehensive plans.
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. 20-05, authorizing the issuance of Conduit Tax-exempt and Taxable Fixed Rate Refunding Revenue Bonds in an amount not to exceed \$370,000,000 for the benefit of the Academy Museum Foundation.

**APPENDIX A
GOVERNANCE AND MANAGEMENT**

ACADEMY MUSEUM BOARD MEMBERS

Ron Meyer	Position: Chair Affiliated Company: NBC Universal Los Angeles, CA
Ted Sarandos	Position: Vice-Chair Affiliated Company: Netflix Los Angeles, CA
Kimberly Steward	Position: Secretary Affiliated Company: K period Media New York, NY
Jason Blum	Position: Treasurer Affiliated Company: Blumhouse Productions Los Angeles, CA
Laura Dern	Position: Member Affiliated Company: Academy Foundation Los Angeles, CA
David Dolby	Position: Member Affiliated Company: Dolby Family Ventures San Francisco, CA
Sidonie Dumas	Position: Member Affiliated Company: Gaumont Paris, France
Diane von Furstenberg	Position: Member Affiliated Company: Fashion Designer New York, NY
Jim Gianopulos	Position: Member Affiliated Company: Paramount Pictures Los Angeles, CA
Tom Hanks	Position: Member Affiliated Company: Playtone Los Angeles, CA
Dawn Hudson	Position: Member Affiliated Company: Academy Foundation Los Angeles, CA
Mark Johnson	Position: Member Affiliated Company: Academy Foundation Los Angeles, CA
Miky Lee	Position: Member Affiliated Company: CJ Group Villa Park, CA
Alejandro Ramirez Magana	Position: Member Affiliated Company: Cinopolis Mexico City, Mexico
Dominic Ng	Position: Member Affiliated Company: East West Bank Los Angeles, CA
Katherine Oliver	Position: Member Affiliated Company: Bloomberg Associates

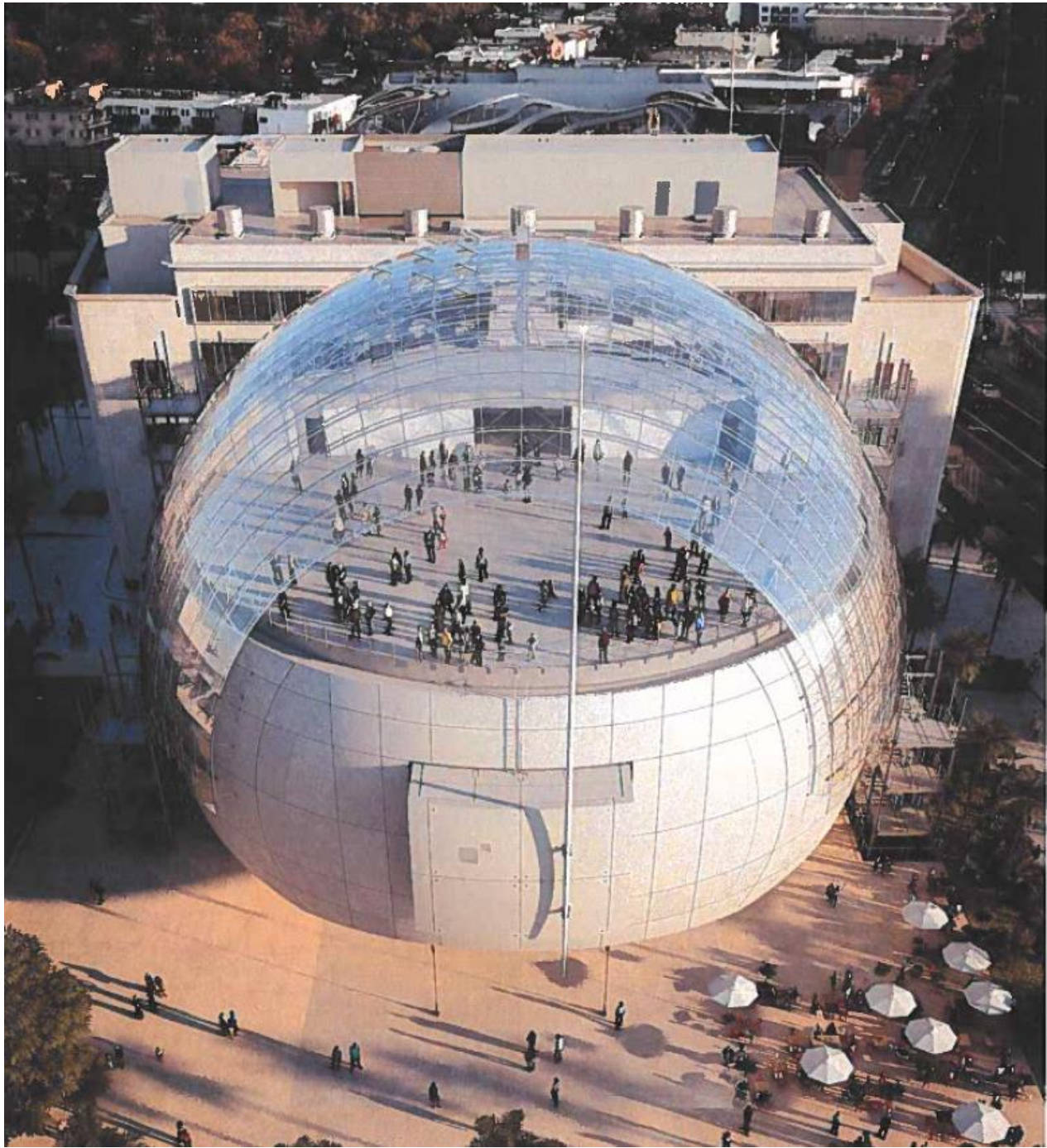
	New York, NY
David Rubin	Position: Member Affiliated Company: Academy Foundation Los Angeles, CA
Emma Thomas	Position: Member Affiliated Company: Syncopy Los Angeles, CA
Kevin Yeaman	Position: Member Affiliated Company: Dolby Laboratories San Francisco, CA

OFFICERS

Bill Kramer	Chief Executive Officer
Brendan Connell, Jr.	Chief Operating Officer
Andrew Horn	Chief Financial Officer (also CFO of Obligated Group)

APPENDIX B
PROJECT PHOTOS





APPENDIX C
FINANCIAL STATEMENTS 2016 – 2018