

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

**STAFF REPORT**

**EXECUTIVE SUMMARY**

<b>Applicant:</b>	Academy Museum Foundation (“Museum Foundation” or “Borrower”)	<b>Amount Requested:</b>	Not to exceed \$200,000,000
<b>Applicant Description:</b>	The Museum Foundation, formerly known as Homewood Foundation, was organized in March 2005 as a California 501(c)(3) nonprofit public benefit corporation. The Museum Foundation was incorporated for the purpose of owning and operating a museum dedicated to the arts and sciences of motion pictures. Through the Academy Foundation, the Borrower is part of the Academy of Motion Picture Arts and Sciences’ (“AMPAS” or the “Academy”) charitable, cultural, educational, and preservation arm.		
<b>Type of Financing:</b>	Conduit Tax-exempt Refunding Revenue Bonds (“Bonds”).		
<b>Project Description:</b>	The proceeds of the Bonds will be loaned to the Borrower to: (1) refund all or a portion of the outstanding principal amount of the IBank’s Revenue Bonds (Academy of Motion Picture Arts and Sciences Obligated Group) Series 2015A (the “2015A Bonds”), the proceeds of which were used, together with the proceeds from the issuance of the 2015B Bonds, to finance and refinance an eligible project in the City of Los Angeles, California; and (2) pay various costs of issuance incurred in connection with the costs of issuance of the Bonds (collectively, the “Project”).		
<b>Project Site:</b>	<u><b>Los Angeles County:</b></u> 6067 Wilshire Boulevard, Los Angeles, CA 90036		
<b>Plan of Finance:</b>	IBank will lend the proceeds of the Bonds to the Museum Foundation to finance the costs of the Project.		
<b>Tax Status:</b>	Tax-exempt		
<b>Term:</b>	Up to 23 Years		
<b>Credit Enhancement:</b>	No Credit Enhancement		
<b>Credit Rating:</b>	Expecting Moody's Aa2 (to be confirmed)		
<b>IBank Fees:</b>	Application Fee \$4,000; Issuance Fee \$100,000; Initial Annual Fee \$3,000		
<b>STO Fee:</b>	Agent for Sale \$10,000 to be paid to STO		
<b>Est. Sources of Funds:</b>		<b>Est. Uses of Funds:</b>	
Tax-Exempt Bond Proceeds	\$200,000,000	Project Expenditures	\$198,500,000
		Costs of Issuance	\$1,500,000
<b>TOTAL SOURCES</b>	<b>\$200,000,000</b>	<b>TOTAL USES</b>	<b>\$200,000,000</b>
<b>Financing Team:</b>			
<b>Bond Counsel:</b>	Hawkins, Delafield & Wood LLP		
<b>Underwriter’s Counsel:</b>	Orrick, Herrington & Sutcliffe LLP		
<b>Underwriter:</b>	Wells Fargo Securities		

**Trustee:** Computershare Trust Company

**Public Benefits:**

The Museum Foundation anticipates a cost savings of approximately \$1.1 Million annual debt service payments, or \$14.49 Million total present value savings from refunding the 2015A Bonds. The cost savings will free up funds for their annual budgeting purposes.

The Academy provides a year-round calendar of programs and events including a wide range of educational and cultural activities at minimal or no cost to the general public and Museum Foundation members.

**Date of Board Meeting:**

07/26/2023

**Resolution Number:**

23-09

**Prepared by:**

Dalibor Zivkovic

**Staff Recommendation:** Staff recommends approval of Resolution No. 23-09 authorizing the issuance of Conduit Tax-exempt and/or Taxable Fixed Rate Bonds in an amount not to exceed \$200,000,000 for the benefit of the Academy Museum Foundation.

## BACKGROUND AND HISTORY

### **The Borrower and Affiliated Organizations**

The Borrower is a tax-exempt nonprofit 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). 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 (“Obligated Group”), described below.

### **The Obligated Group**

The Obligated Group consists of five related non-profit corporations: 1) the Academy of Motion Picture Arts and Sciences (“AMPAS” or the “Academy”); 2) the Academy Foundation (the “Foundation”); and three Foundation-controlled supporting 501(c)(3) / 509(a)(3) organizations: 3) the Academy Museum Foundation (the “Museum Foundation” or the “Borrower”); 4) the Archival Foundation (the “Archival Foundation”); and 5) the Vine Street Archive Foundation (the “Vine Street Foundation”). Please visit Appendix A - Trustees and Officers and Organization Chart.

The following describes the Obligated Group and explains its relationship to each Obligated Group member.

#### **(1) AMPAS or the Academy**

The Academy founded in 1927, is a 501(c)(6) professional honorary organization composed of over 10,400 motion picture craftsmen and women. The Academy’s mission is to recognize and celebrate different aspects of the film industry, connect global audiences through conversations and initiatives about cinema, 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, consistent with the purposes set forth in its Articles of Incorporation.

#### **(2) The Foundation**

The Foundation, a 501 (c)(3) corporation, 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 Museum Foundation or the Borrower**

Academy Museum Foundation, formerly known as the Homewood Foundation, was formed to develop and operate a museum dedicated to the arts and sciences of motion pictures. After construction, the Academy Museum 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.

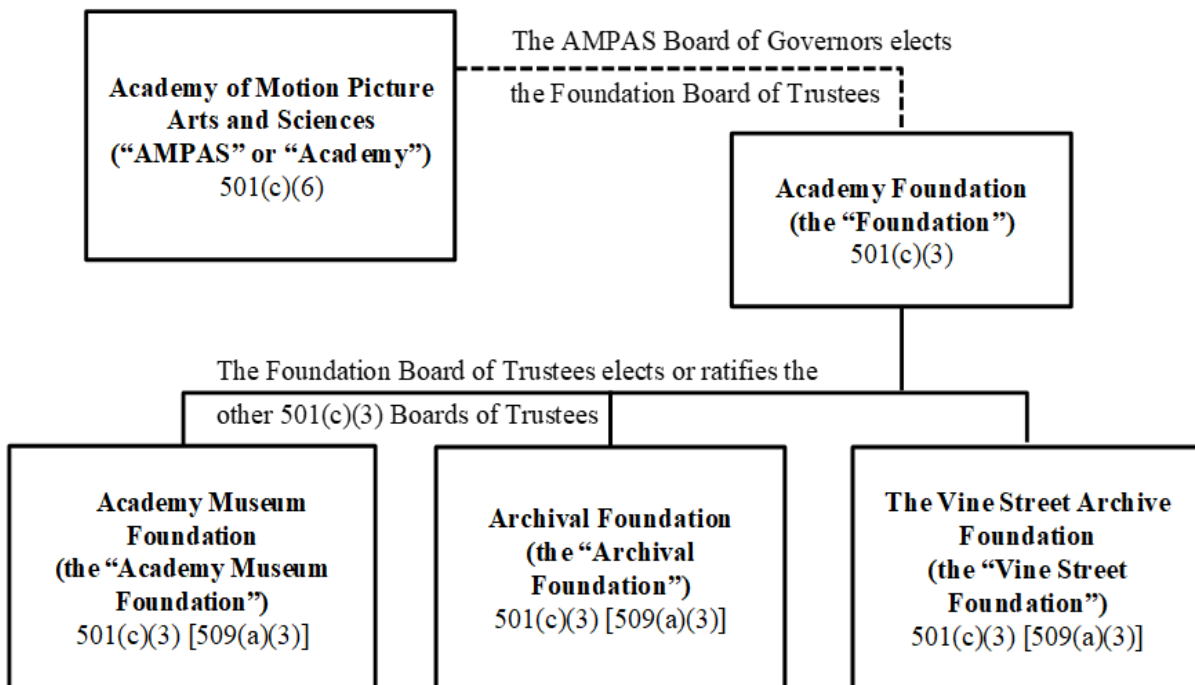
**(5) The Archival Foundation**

The Archival Foundation, established in 1991, 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. The Pickford Center is a second center for Motion Picture Study and is owned by the Vine Street Foundation. The Archival Foundation holds over 240,000 items.

**Organization Chart**

The following chart displays the relationships among the five nonprofits:

**The Academy Obligated Group**



## PROJECT DESCRIPTION

The Project consists of refunding all or a portion of the 2015A Bonds and financing the associated transaction costs. The 2015A Bonds were issued primarily to finance the costs of the AMPAS project and refunding of all of the IBank issued prior debt described below.

### **The Academy Museum of Motion Pictures (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.

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 the renovated landmark Saban Building and a new, attached spherical addition including the 1,000 seat David Geffen Theatre, 277-seat Ted Mann Theater and the Dolby Family Terrace overlooking the Hollywood Hills, built over an at-grade piazza. The Academy Museum opened on September 30, 2021.

The Academy Museum presents and explores the history of motion pictures and the motion picture industry. The Academy Museum offers educational programs, screenings, panel discussions, displays of memorabilia, immersive gallery experiences and other programs that will allow visitors to experience the magic of movies.

### **Prior IBank Financing – Current Outstanding Bonds**

On March 10, 2020, IBank issued the Academy of Motion Picture Arts and Sciences Obligated Group Series 2020A Bonds (Green Bonds), the proceeds of which, together with other legally available funds, were used to finance a portion of the costs to complete the AMPAS project and pay the costs of issuance of the 2020A Bonds.

On July 8, 2020, IBank Issued the Academy of Motion Picture Arts and Sciences Obligated Group Series 2020B Bonds, the proceeds of which, were used to refund the outstanding Series 2015B Bonds (“2015B Bonds”) and pay the costs of the transaction. The 2015A Bonds remained outstanding then.

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	Computershare Trust Company
2020B	7/8/2020	\$98,800,000	11/1/2029	\$98,800,000	Computershare Trust Company
	<b>Total</b>	<b>\$198,800,000</b>		<b>\$198,800,000</b>	

## Refunding IBank Issued Prior Bonds

On October 22, 2015, IBank issued the Academy of Motion Picture Arts and Sciences Obligated Group 2015A Bonds and 2015B Bonds, the proceeds of which, together with other legally available funds, were used to (a) finance the acquisition, construction, furnishing and general development of the Academy Museum of Motion Pictures (the “Academy Museum” or the “Academy Museum of Motion Pictures”), located at 6067 Wilshire Boulevard, Los Angeles, California, including the refinancing and the reimbursement of previously paid costs of the Academy Museum, (b) refund all of the outstanding California Infrastructure and Economic Development Bank Variable Rate Demand Refunding Revenue Bonds (Academy of Motion Picture Arts and Sciences Obligated Group) Series 2008 Bonds (“2008 Bonds”), including the payment of an amount for the termination of a related interest rate swap agreement, and (c) refinance an unsecured note the proceeds of which were used to acquire a long-term lease for the site of the Academy Museum, (d) pay termination payment related to the then-existing interest rate swap agreement, (e) pay miscellaneous expenditures related to the Academy Museum, and (f) pay costs of issuance.

The 2008 Bonds were issued on November 13, 2008 and the proceeds of the 2008 Bonds were used by the Vine Street Foundation to (i) refund the IBank issued Insured Variable Rate Demand Revenue Bonds (Academy of Motion Picture Arts and Sciences Obligated Group) Series 2002, the proceeds of which were used to finance the acquisition, construction, furnishing, and equipping of a film archive facility located at 1313 Vine Street and 6338, 6344, and 6350 Homewood Avenue, Los Angeles, California 90028, owned and operated by the Vine Street Foundation; (ii) finance a portion of the costs and expenses of the renovation, construction, replacement, equipping and/or improvement of the Borrower’s facilities; (iii) pay costs of issuance; and (iv) pay other related costs and expenses of the Borrower.

The Bonds will refund all or a portion of the currently outstanding 2015A Bonds, which are outstanding in the amount of \$199.675 Million, \$194.805 Million of which is callable as part of the potential scope of this refunding transaction. The balance is \$4.870 million debt service payment amount due on November 1, 2023.

Bond Series	Issue Date	Par Amount	Maturity Date	Outstanding Balance	Interest Rate	Date Project Completed
2015A	10/22/2015	\$212,960,000	11/1/2045	\$199,675,500	2.00-5.00%	09/25/2021
	<b>Total</b>	<b>\$212,960,000</b>		<b>\$199,675,500</b>		

## FINANCING STRUCTURE

### Infrastructure Bank Term Sheet The Academy Museum Foundation Date: July 26, 2023

<b>Bond Par Amount:</b>	Not to exceed \$200,000,000; in one or more tax-exempt series.
<b>Type of Offering:</b>	Public Offering in one or more series
<b>Underwriter:</b>	Wells Fargo Bank, National Associations
<b>Credit Enhancement and Expected Credit Rating:</b>	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.
<b>Interest Rate*:</b>	The average effective yield across all the Bonds will not exceed 6.00%
<b>Maturity*:</b>	Up to 23 years
<b>Collateral:</b>	Pledge of Gross Revenues
<b>Expected Closing Date*:</b>	August 23, 2023
<b>Obligated Group:</b>	Academy of Motion Picture Arts and Sciences, Academy Foundation, The Vine Street Archive Foundation, Archival Foundation, and Academy Museum Foundation
<b>Conduit Transaction:</b>	The Bonds are special, limited obligations payable solely by the Borrower's payments under the Loan Agreement, the Indenture and the 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 as fixed rate tax-exempt financing, 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.

It is anticipated that the Bonds be designated as the Series 2023A Bonds (“2023A Bonds”). Under the bond indenture, the 2020A Bonds, the 2020B Bonds and the 2023A Bonds are or will be secured by a pledge of the revenues and any other amounts (including, proceeds of the sale of the 2023A Bonds) and payments made by an Obligated Group Member pursuant to Obligation No. 3, Obligation No. 4, or Obligation No. 5. The 2023A Bonds will be payable from loan payments made by the Museum Foundation under the loan agreement and amounts paid by the Obligated Group under Obligation No. 5. Obligation No. 5 will provide joint and several obligations of the Obligated Group Members to pay amounts due under the Loan Agreement with respect to the 2023A Bonds, to the bond trustee.

Below are the five Obligations in the financing structure:

- Obligation No. 1 is the previously issued 2015A Bonds, which are expected to be refunded by the 2023A Bonds.
- Obligation No. 2 is the previously issued 2015B Bonds, which were refunded by the 2020B Bonds.
- Obligation No. 3 is the previously issued Series 2020A Bonds, which remain outstanding.
- Obligation No. 4 is the previously issued Series 2020B Bonds, which remain outstanding.
- Obligation No. 5 relates to the 2023A 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 Academy Museum is dedicated to presenting and exploring the history of motion pictures and the motion picture industry. This includes educational exhibits and activities, screenings, panel discussions, displays of motion picture memorabilia, immersive gallery experiences and other programs that allow visitors to experience the culture of movies.

The Academy Museum has close association with the City and County of Los Angeles and State of California and helps promote economic development in the greater Los Angeles area.



The Academy Museum presents the work of Oscar® winners and nominees, and a wide range of global artists in the movie industry. It includes a wide spectrum of educational and cultural activities on moviemaking that highlights the history and future of the arts and science of film. Programs and events are available year-round at low or no cost to the general public and Academy members.

The Academy Museum anticipates approximately \$1.1 million annual debt service payment savings and a net present value savings of approximately \$14.49 Million from refunding the 2015A Bonds. The cost savings will enable the Borrower to apply the freed funds towards their annual budgeting purposes.

**OTHER PROJECT DATA**

<b>PERMITS AND APPROVAL</b>	
Required?	<input checked="" type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES, Describe:</b>
<b>TEFRA</b>	
Date of TEFRA Notice	<b>07/17/2023</b>
Publications	<i>IBank Website, <a href="https://ibank.ca.gov/board/notices-of-public-hearing/">https://ibank.ca.gov/board/notices-of-public-hearing/</a></i>
Date of TEFRA Hearing	<b>07/25/2023</b>
Oral/Written Comments	<input checked="" type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES, Explain:</b>
<b>ELIGIBILITY REVIEW</b>	
Applicant meets all of the IBank eligibility criteria? <input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b>	<ol style="list-style-type: none"> <li>1. The Project is in the State of California.</li> <li>2. The Academy Museum Project is capable of meeting the obligations incurred under the proposed loan agreement.</li> <li>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.</li> <li>4. The proposed financing is appropriate for the Project.</li> <li>5. The Project is consistent with any existing local or regional comprehensive plans.</li> </ol>
<b>INDUCEMENT CERTIFICATE</b>	
Completed?	<input type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES</b> Certificate No.: <input checked="" type="checkbox"/> <b>N/A</b> Date:

**RECOMMENDATION**

Staff recommends approval of Resolution No. 23-09, authorizing the issuance of Conduit Tax-exempt Fixed Rate Bonds in an amount not to exceed \$200,000,000 for the benefit of the Academy Museum Foundation.

**APPENDIX A  
GOVERNANCE AND MANAGEMENT**

**ACADEMY MUSEUM BOARD MEMBERS**

Patricia Bellinger Balzer	Chief of Staff & Strategic Advisor to the President, Harvard University
Jason Blum	Chief Executive Officer, Blumhouse Productions
Arnaud Boetsch	Global Director of Communications and Image, Rolex
David Dolby	Chief Executive Officer, Dolby Family Ventures
Sidonie Dumas	Vice Chairman and CEO, Gaumont
Eric Esrailian	Film Producer, Philanthropist and Physician
Oliver de Givenchy	Managing Director and West Region Head, J.P. Morgan Private Bank
Julia S. Gouw	Chairwoman, Piermont Bank
Ray Halbritter	Nation Representative and CEO, Oneida Indian Reservation
Tom Hanks	Member, Actor Affiliated Company: Playtone Los Angeles, CA
Travis Knight	Member, Animator, Producer
William Kramer	Chief Executive Officer, Academy of Motion Picture Arts and Sciences
David Linde	Chief Executive Officer, Participant
Eva Longoria	Actress, Director, Producer, Entrepreneur, Philanthropist and Activist
Ryan Murphy	Director, Writer and Producer
Isis Mussenden	Costume Designer
Dominic Ng	Chairman and CEO, East West Bank
Katherine Oliver	Principal, Bloomberg Associates
Alejandro Ramírez Magaña	Chief Executive Officer, Cinépolis
Shira Ruderman	Executive Director, Ruderman Family Foundation
Regina K. Scully	Founder and CEO, Artemis Rising Foundation

Emma Thomas	Member, Producer Affiliated Company: Syncopy Los Angeles, CA
Janet Yang	President, Producer Academy of Motion Picture Arts and Sciences
Kevin Yeaman	President and CEO, Dolby Laboratories, San Francisco, CA
Effie T. Brown	Member, Producer
Sid Ganis	Motion Picture Executive and Producer

**OFFICERS**

Janet Yang	Chairman
Mikey Lee	Vice Chairman
Jim Gianopulos	Treasurer
Kimberly Steward	Secretary
Jacqueline Stewart	Museum Director and President
Brendan Connell, Jr.	Chief Operating Officer
Andrew Horn	Chief Financial Officer

APPENDIX B  
PROJECT PHOTOS

