

Deal Spotlight: Not-for-Profit Organization

Music Academy of the West Santa Barbara County, California

Certificates of Participation

\$16,625,000

Rating: AA (Fitch)

Underlying Rating: A- (Fitch)

UW: Edward Jones

FA: G.L. Hicks Financial, LLC

Dated Date: 4/24/07

Over \$16 million of certificates of participation were issued through Santa Barbara County on the behalf of the Music Academy of the West (the “Academy”).

The Academy is an independent 501(c)(3) dedicated to advancing the development of gifted young classical musicians. It was founded in 1947 by a group of Southern California musicians. In 1951, the Academy moved to an estate in the Town of Montecito, just south of Santa Barbara. The campus is located on nine acres, overlooking the Pacific Ocean.

The Academy is one of the most comprehensive not-for-profit summer music schools in the United States. There currently exists only two other music academies in the country that are similar to the Academy in terms of scope, overall organization structure and level of instruction provided – Tanglewood Music Center and Aspen Music Festival and School. The Academy has over 5,500 alumni, many of whom have become professional musicians performing around the world as soloists, in major symphony orchestras, chamber orchestras, ensemble and opera companies.

The Academy accepts 135 students per summer session, each of whom receives a full-scholarship, covering tuition, room and board. Only 11% of the students applying to the school are admitted. Of those students who apply, most have marked the Academy as their first choice, including 100% of the voice applicants, 96% of the piano applicants, and 76% of the instrumental applicants.

Over the past ten years, the Academy’s total public support has averaged approximately \$5.6mm per annum. Over the past several years, approximately 90% of total public support has been comprised of contributions.

The bonds are general obligations of the Academy backed by a security interest in its gross revenues. The bond proceeds will finance the renovation of a main concert hall, administrative offices and various practice studios.

With an A- underlying rating from Fitch, the Academy accessed the market at lower interest rates based on Radian’s AA rating. Below are sample maturities with their spread to the Municipal Market Data Line (MMDL) AAA GO Index.

Maturity	2022	2032	2037
Coupon	4.30%	4.50%	4.55%
Yield	4.30%	4.50%	4.55%
Spread to MMDL High Grade (bps)	+ 27	+ 34	+ 36

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