



Information for Bond Analysts and Rating Agencies (As of January 2009)

Brief History

Columbia College Chicago today ascends from a women's speech college founded in 1890 as the Columbia School of Oratory, an early pioneer in speech art education. The name, inspired by the upcoming Columbian Exposition of 1893, was later changed to the Columbia College of Expression.

In 1928, the College was incorporated into the Pestalozzi-Froebel Teachers College. A renewed, co-educational version of the College emerged in 1936, emphasizing the growing field of radio broadcasting. In 1944, the name was changed to Columbia College.

During the 1950's, the College broadened its educational base to include television and other areas of mass communication. The growth of these important applied arts programs provided the foundation for a new Columbia. The face of America and American education was rapidly changing. Many students had become disenchanted with the highly structured academic experience offered by most traditional universities. Instead, Columbia offered an affordable and imaginative liberal education as well as an exceptional faculty made up almost exclusively of working professionals.

Moreover, Columbia had an active presence in Chicago's neighborhoods through acquisitions that became focal points for Columbia's dance center, poetry center, and theater department. In the late 1960's, Columbia's enrollment had grown to approximately 700 students. As Columbia continued to add new academic departments and design new programs to keep up with the educational needs and trends of contemporary America, enrollment grew. By 1976, enrollment passed the 2,000 mark. With continued growth, Columbia reached 4,700 undergraduate and graduate students in 1983. Faculty, administrative staff, student services and instructional support all had comparable increases.

Columbia is now the fifth largest private college or university in Illinois. The College's enrollment of approximately 12,500 students is drawn from the city of Chicago and its suburbs, from across the United States, and from thirty-six other countries. The student body is almost equally divided between men and women. Approximately five percent of the student body is enrolled in

the graduate school. The faculty consists of more than 1,300 practicing artists, scholars, and professionals.

The foundations of a Columbia College education continue to include small class sizes that ensure close interaction with a faculty of working professionals who bring the working world into the classroom, abundant internship opportunities with major employers in the Chicago marketplace, and outstanding professional facilities to foster learning by doing. All students are encouraged to begin course work in their chosen fields immediately, allowing them four full years in which to master their craft and build professional portfolios, audition tapes, resumes, and clip books. The College provides a sound liberal arts background for the developing artist or communicator and supports a student's employment goals through a full range of career services.

Tuition is less than the national average for private institutions.

The College is predominantly located in the south loop area of Chicago, Illinois. Its location provides easy access to the Art Institute of Chicago, Adler Planetarium and Astronomy Museum, Field Museum, Chicago Symphony Orchestra and other notable cultural and educational institutions.

Current Administration

Warrick L. Carter, Ph.D. President

Dr. Carter joined Columbia in 2000, following a four-year term as Director of Entertainment Arts for Walt Disney Entertainment. At Disney, he was responsible for developing global education and live arts programs for the entire corporation.

Prior to his engagement with Disney, Dr. Carter spent twelve years at Berklee College of Music in Boston, serving as dean of faculty and then as Provost/Vice President of Academic Affairs. At Governors State University, where he served from 1971 to 1984, he began as a professor of music and was promoted to chairman of the division of fine and performing arts. He began his career in higher education as an assistant professor and director of bands at the University of Maryland, Eastern Shore, teaching at that institution while pursuing his doctoral studies. He received his Ph.D. in music education from Michigan State University.

Warrick L. Carter is an educator, composer and performer. In addition to his academic appointments at Berklee, Governors State and Maryland, he taught in East Lansing, Michigan and Chattanooga, Tennessee. He has consulted on music education and minority issues in music education for organizations worldwide. His projects have included work with the Wisconsin Music Educators, the Michigan

Council for the Arts, the Philadelphia Public Schools, the Los Angeles Board of Education, the National Endowment for the Humanities and the Minister of Culture, Paris, France.

He has published and lectured extensively on the subject of music education, jazz, and African American music history and culture, sharing his expertise at such institutions as Northwestern University, California State University, University of Santa Catarina in Brazil, and at conferences world wide. His articles have appeared in professional journals including *IAJE Educator*, *Music Educators Journal* and *The Quarterly Journal of Music Education*.

As a composer and performer, Dr. Carter has an international reputation. He has created commissioned works for the National Endowment for the Arts, the Chicago Symphony Orchestral Association and the Chicago Chamber Orchestra. His recordings are on Mark and Capital records and his live performances include work with the Boston Pops Jazz Quartet, Dee Dee Bridgewater, Billy Taylor, Clark Terry, Donald Byrd and many others. He has played at several collegiate and regional jazz festivals and in 1973 performed at the International Jazz Festival in Montreux, Switzerland. He is a two-time recipient of the National Black Music Caucus Achievement Award, is a member of the International Jazz Educators Hall of Fame, and is listed in *Who's Who in Black America*. In 1997 Berklee College of Music established a lecture series in his name and in 1996 Walt Disney Entertainment endowed a "Warrick L. Carter Scholarship" in the International Association of Jazz Educators.

Dr. Carter currently serves on the Boards of Directors of the International House of Blues Foundation, the Interlochen Advisory Board and the New Orleans Center for the Creative Arts. He was the chairman of the National Endowment for the Arts Jazz Panel for three years and the executive director of the National Black Music Caucus for ten. In previous years he has served on the boards of many professional organizations including the International Association of Jazz Educators, the Massachusetts Arts and Humanities Council and the Foundation for the Advancement of Music.

R. Michael DeSalle

Vice President, Business Affairs and Chief Financial Officer

Michael DeSalle has served as Vice President for Business Affairs and Chief Financial Officer at Columbia since 1989. During his tenure the College has grown from approximately 6,500 students to 12,500 and the campus has expanded from four to sixteen buildings, approximately 1.3 million square feet. Prior to joining the College, Mr. DeSalle was controller of Michael Reese Hospital and Medical Center, a teaching and research medical center in Chicago. At that time, the Hospital and Medical Center had 4,000 employees and over \$300 million in revenues.

From 1975 to 1986 he was Assistant Controller at Vanderbilt University in Nashville, Tennessee. Vanderbilt, in 1986 had 8,000 employees and its graduate and undergraduate programs were administered through nine schools including a medical school. In addition, a 660 bed major teaching and research hospital was an integral component of the corporate structure that had assets in excess of \$1 billion.

Mr. DeSalle taught Managerial Finance from 1993 to 1999 in the Graduate School at Columbia College. In the 1980's, he also worked with a C.P.A. firm performing balance sheet and income statement write-up work and prepared limited partnership and corporate tax returns.

He has a M.B.A. from the University of Tennessee and a B.S. from West Virginia University. Mr. DeSalle is a member of the National Association of College and University Business Officers and the Chicago Chapter of the Financial Executives Institute.

He is married, has two daughters and a son, and resides in Hinsdale, Illinois.

Steve Kapelke
Senior Vice President and Provost

As Senior Vice President and Provost, Steven Kapelke provides leadership for all of the College's academic programs. He joined the College in August 1, 2001, after holding the same position at the Milwaukee Institute of Art and Design (MIAD) since 1997. He has an extensive background as a writer, filmmaker, educator and administrator.

At MIAD, he also served as professor of Writing and Humanities, chair of the department of Art History and Liberal Arts, and dean of Liberal Studies. He chaired most of MIAD's major institutional committees, wrote all or parts of three re-accreditation self-studies and other major pieces of administrative and faculty literature, and created the institution's first graduate program. He holds a M.F.A. in English with an emphasis in Fiction from the University of Iowa Writer's Workshop, an M.A. in English with an emphasis in Creative Writing from the University of Wisconsin-Milwaukee, and a B.F.A. in Film from New York University's Tisch School of the Arts.

He has taught film production and screenwriting at several institutions including the University of Iowa, the University of Wisconsin-Milwaukee and Columbia, and has published feature articles, reviews and essays in regional and national publications. In addition to serving the North Central Association of Colleges and Schools as a consultant-evaluator, Mr. Kapelke also serves on the Accreditation Review Council for the Higher Learning Commission of the North Central Association of Colleges and Schools.

Mark Kelly
Vice President of Student Affairs

As the Chief Student Affairs Officer of Columbia, Mark Kelly holds responsibility for overseeing all Student Affairs units and providing leadership

and comprehensive services and programs to enhance the educational, social, and personal development of Columbia's students.

Mr. Kelly has been a staff member at Columbia since 1984. He served as associate vice president of planning (1994-00), acting dean of students (1993-94), associate dean of students (1991-93), director of counseling services (1989-91), director of academic advising (1986-89), and career advisor for the Film/Video, Art & Design, and Photography departments (1984-86). Prior to his work at Columbia, he held positions at Wayne State University and the Colleges of Chicago.

He holds a Master of Arts in Counseling from the University of Cincinnati and a Bachelor of Arts in Sociology from John Carroll University. Mr. Kelly is married and has three children. He and his family reside in Oak Park.

Eric V.A. Winston, Ph.D.
Vice President, Institutional Advancement

Dr. Winston officially became Vice President of Institutional Advancement in June, 2006. He joined the College in December 2005 as interim vice president of the office.

Dr. Winston is the principal and owner of Eric Winston & Associates, a fundraising consulting firm located in Wilberforce, Ohio that specializes in fundraising, annual fund, government and alumni relations and educational programs for colleges and universities.

He resigned his role as a city councilman in Xenia, Ohio after 14 years of service to that city. He also served as chair of the Planning and Zoning Commission for the last five years.

Prior to forming Eric Winston & Associates in 2002, Winston served as vice president for development and university relations at Wilberforce University from 1983 to 2002. Under Dr. Winston, the university's endowment increased from \$1.5 million in 1990 to more than \$12 million in 2002; alumni annual giving increased from seven percent to 28 percent annually; and he was responsible for raising revenue to build a \$2.6 million alumni multiplex, \$1 million of which was donated by alumni. His 24-year affiliation with Wilberforce University began in 1979 as vice president for student affairs and cooperative education, a position he held until 1983.

His career in higher education began in 1969 at Michigan State University where he served as assistant dean and assistant professor of urban development for five years. From 1975 to 1978 he served as vice president for student affairs, dean of students and associate professor of education at Chicago State University.

His professional affiliations over the years have included the National Society

of Fundraising Executives, American Library Association, Ohio Association of Student Personnel Administrators, Illinois Association of Deans of Students, Florida A&M Library, Kappa Alpha Psi Fraternity and director of the Second Annual Summer Institute on Non-Violence for the Martin Luther King, Jr. Center for Social Change. On June 16th he was elected to the Illinois Chamber of Commerce Board of Directors.

Winston is the recipient of numerous awards and distinctions. He is an active member of many community-based organizations and a U.S. Army Vietnam Veteran.

He received his doctorate in administration and higher education from Michigan State University. He holds a master's in library science from Atlanta University in Atlanta, Georgia and a bachelor's degree in history from Morehouse College, also in Atlanta, Georgia.

He divides his time between Chicago and Xenia, Ohio. He is married and has two daughters and one grandchild.

Alicia Mazur Berg
Vice President of Campus Environment

Alicia Berg joined Columbia College Chicago in the spring semester of 2004. Berg's responsibilities include overseeing the facilities and operations functions of the college, creating a sense of identity for the campus; planning for its continued physical growth, as the student population continues to grow; and creating and implementing a campus master plan. Previously, as Chicago's top planning and economic development official, Ms. Berg oversaw citywide development activities, including business attraction and retention, neighborhood revitalization, and historic preservation and zoning. Since her appointment as Commissioner of the Department of Planning and Development by Mayor Richard M. Daley in January 2001, Ms. Berg was instrumental in: the relocation of Boeing's world headquarters to Chicago; the issuance of a new Central Area Plan; and the landmark protection of more than 500 historic buildings. Business assistance efforts under her supervision helped create and retain approximately 40,000 jobs and resulted in the sale of more than \$30 million of city-owned property for housing, commercial and industrial projects. Ms. Berg was also in charge of planning for Chicago's central area, where she was instrumental in the rebirth of the Randolph Street Theater District, the revitalization of the State Street shopping district, and the adaptive reuse of several historic buildings.

A native of Nashville, Tennessee, Ms. Berg graduated with highest honors from Tufts University. In addition, she holds a Master of Science degree in urban and regional planning from the University of Wisconsin at Madison, where she received an Urban Land Institute fellowship. She is a member of the Economic Club of Chicago, the American Planning Association, the American Institute of Certified Planners, the Lambda Alpha Land Economics

Honorary Society, the Urban Land Institute's Chicago District Council, and a board member of several local organizations.

Annice M. Kelly
Vice President, General Counsel

Annice Kelly joined Columbia College Chicago in December, 2001, after being engaged in private practice for ten years, and serves as general counsel. Ms. Kelly is responsible for overseeing all legal matters and issues for Columbia College Chicago.

Prior to joining Columbia College Chicago, Ms. Kelly concentrated her legal practice in the areas of Employment and University and College Law. Ms. Kelly was a frequent speaker to Higher Education Institutions on a variety of topics including employment related matters, complying with federal and state laws, and providing advice on how to prevent lawsuits. In addition, Ms. Kelly has represented Higher Education Institutions before federal, state, and local agencies as well as in federal and state Courts. Ms. Kelly also has a number of reported decisions in both the Seventh Circuit Court of Appeals and the United States District Court for the Northern District of Illinois.

Prior to becoming an attorney, Ms. Kelly was a volunteer with the Jesuit Volunteer Corp where she worked at a Domestic Violence shelter for six months and a shelter for teenage runaways for six months. Ms. Kelly also spent a year teaching math on the Red Cloud Indian Reservation in Pine Ridge South Dakota.

Ms. Kelly received her Jurist Doctorate magna cum laude from the University of Toledo and her Undergraduate Degree in Journalism from Marquette University.

<u>Student Data</u>	<u>Fall 2008</u>	<u>Fall 2007</u>	<u>Fall 2006</u>
Total Headcount Enrollment	12,464	12,021	11,499
Total FTE Enrollment	11,285	10,774	10,202
Undergraduate Headcount	11,831	11,366	10,771
Undergraduate FTE	10,884	10,340	9,711
Full-time undergraduates	10,563	10,075	9,422
Part-time undergraduates	1,295	1,291	1,349
Graduate Headcount	606	655	728
Graduate FTE	401	434	492
Freshman Applicants	4,942	4,535	3,899
Freshman Acceptances	4,768	4,405	3,837
Freshman Matriculates	2,387	2,229	1,986
Mean ACT Scores	21	22	21
Transfer Applicants	2,059	2,194	2,325
Transfer Acceptances	2,032	2,176	2,309

<u>Student Data</u>	<u>Fall 2008</u>	<u>Fall 2007</u>	<u>Fall 2006</u>
Transfer Matriculates	1,401	1,513	1,504
Graduate Applicants	876	922	879
Graduate Acceptances	392	420	267
Graduate Matriculates	185	207	256
Retention Rate (fresh. to soph.)	65%	65%	66%
6-year Graduation Rate (99-97)	-	35%	30%
Tuition and Fees, annual(\$)	17,950	17,104	16,328
Other annual fees and charges(\$)	490	480	440

Faculty Data

Faculty Headcount	1,720	1,610	1,477
Faculty Full-time	342	327	328
Faculty Part-time	1,378	1,283	1,149
% Tenured of full-time	54	56	53

Financial Data (\$)

	<u>Audited (FY08)</u>	<u>Audited (FY 07)</u>
Assets	\$369,126,817	\$310,135,155
Liabilities	187,824,411	121,268,551
Net Assets - Unrestricted	167,017,410	171,883,694
Net Assets - Temporarily Restricted	11,209,595	14,167,838
Net Assets - Permanently Restricted	3,075,401	2,815,072
Total endowment (market value)	97,093,372	108,146,189
Unrestricted endowment	86,018,946	85,803,218
Interest payments	4,336,865	2,849,251
Principal payments	2,800,685	2,066,058
Maximum annual debt service	7,195,000	8,084,979

Profit & Loss

	<u>2008</u>	<u>2007</u>
Total Revenues	\$232,104,533	\$205,217,711
Total Expenses	208,991,510	185,619,756
Operating Excess Revenues Over Expenses	23,113,023	19,597,955
Operating Excess as a Percentage of Total Revenues	10.8%	9.5%
Change in Net Assets	(7,564,198)	29,949,286
Purchase of Land, Buildings & Equipment (net of disposals)	28,468,344	19,162,735

Management Discussion and Analysis

Fiscal Year Ended August 31, 2008 (Audited)

The audited actual results for the fiscal year ended August 31, 2008 were financially stronger than the prior year. Total revenues were \$232.1 million, up 13.1% mainly as a result of a price increase of 5% and student enrollment volume increase of 3.5%. In addition, residence hall revenues increased from \$21 million to \$25.2 million as the College added approximately 225 additional beds bringing total capacity to 2,665.

Total expenses were \$208.9 million, up 12.5% from the prior year. Salaries and benefits increased 12.7% from \$105.9 million to \$119.4 million mainly as a result of new faculty and staff hiring and increases in the base wages of faculty, staff and students.

Operating revenues in excess of expenses increased by 17.8% from \$19.6 million to \$23.1 million. The excess revenues of \$23.1 million represent approximately 10% of total revenues.

Non-operating activities were a negative \$30.6 million as the long-term investment portfolio (endowment fund) experienced market losses in the amount of \$23.3 million. The frozen defined benefit pension plans experienced a change in funded status in the amount of \$9.2 million as well. These significant negative changes offset the positive results of operations creating a total change in net assets of a negative \$7.5 million for the year compared with a positive \$29.9 million one year ago.

At August 31, 2008, total assets were \$369.1 million, up \$54.9 million for an increase of 17.4% over the prior year. Increases in cash, bond funds held in trust and physical plant assets represented the majority of the increase.

Total liabilities increased 49.7% from \$125.4 million to \$187.8 million. In September 2007, the College issued Series 2007 bonds in the amount of \$48.3 million to support construction, renovation and equipping of four new buildings representing over 200,000 square feet of space necessary to support new and ongoing academic, student support and administrative services.

Total net assets (equity) declined from \$188.8 million to \$181.3 million.

Future Financing or Capital Plans

Columbia's physical growth has been due in no small part to its consistent acquisition and renovation of the abundance of existing buildings in the South Loop. December 10, 2008, however, was an historic date in the history of Columbia. The College had a groundbreaking ceremony for its first new construction - a 35,000 square foot Media Production Center (MPC). The MPC will have two sound stages, a motion capture studio, a cinematography

center and many production support spaces. A \$20 million capital campaign is currently underway to support the cost of this facility. \$15 million is to be raised for the MPC while the remaining amount will go to scholarships and other academic needs. The construction schedule for the MPC is approximately 12 months and the facility should be ready for occupancy in January 2010.

As of December 2008, the renovation of three new buildings representing 168,000 square feet is complete. This added space at 618 South Michigan, 916 South Wabash and 1000 South Wabash will be used to expand academic and student service programming.

The College's *Master Facilities Plan* also mentions future needs for a 200,000 to 300,000 square foot campus center to be built on College owned property at 754 South Wabash Avenue and a fine and performing arts center to be located on 11th Street between South Michigan Avenue and South Wabash Avenue. Both of these projects are planned for sometime after 2012.

No additional future capital financing plans are being reviewed at this time.

Exposure to Derivatives or Interest Rate Swaps

The College has not entered into any derivative products. The College has, however, permitted hedge fund investments up to 20% in both its endowment and pension plan portfolios. A variety of investment strategies are permitted including event driven investing, capital structure arbitrage, credit opportunities, etc. However, as of August 31, 2008 the hedge funds are fairly liquid and comprised of long/short investment strategies in the capital markets including stocks, bonds, currency and commodities.

Current Debt Rating

Columbia's current outstanding debt is rated AAA by Standard and Poor's. The College's underlying credit rating is BBB+ with a stable outlook.

Long-Term Debt

As of August 31, 2008 long term debt is as follows:

Bonds 1998 series	\$17,060,000
Bonds 2000 series	17,100,000
Bonds 2003 series	21,602,164
Bonds 2004 series	4,676,566
Bonds 2007 series	47,731,878
Leased equipment	276,954
Promissory note	<u>500,000</u>
	\$108,947,562

The Series 2000 issue is a VRDB with a letter of credit issued by Harris Bank N.A. The letter of credit expiration is April 2011.

Long-Term Debt Guidelines

Since the College has limited debt capacity, the administration will use debt financing only with the approval of the Board of Trustees. The prioritization of debt resources among academic projects, real estate transactions and equipment acquisitions will be made by the administration with Board approval. Selected financial ratios will be used to determine the amount of debt resources to be used. In particular the debt service coverage ratio, debt burden, viability and leverage ratios along with a few others will be analyzed.

The College will use a combination of variable and fixed rate debt. Variable rate debt should not exceed 40% of overall outstanding debt. Interest rate "swaps" and other derivative products are acceptable.

Projects that receive first priority for debt financing are academic growth or expansion projects and physical space for new academic programs with a financial plan that demonstrates proven investment return. Long-term debt obligations will not exceed the useful life of the projects financed.

The College will not issue long-term debt for operating purposes.

Off-Balance Sheet Debt

The College currently has no off-balance sheet debt.

Formal Spending Policy from Endowment

The College has adopted a spending policy in support of current operational budget requirements. This policy allows for the spending of a percentage (currently 5%) of the average fair value of pooled investments over the past three years. If investment yields (interest and dividends) are in excess of the established spending rate, such excess is returned to the endowment fund and reinvested. If investment yields are not sufficient to support the spending policy, the yield shortfall is provided from accumulated gains.

Outside Foundations / Other Affiliated Corporations

The College has no outside foundation. Columbia is a 40% partner in a separate 501(c)(3) not-for-profit corporation with DePaul University (40%) and Roosevelt (20%). The corporation, Educational Advancement Fund, Inc. is a residence hall located at 525 South State Street that accommodates approximately 1,680 beds.

For further information, please contact:

R. Michael DeSalle
Vice President, Business Affairs and Chief Financial Officer
312 369 7215
mdesalle@colum.edu

Kevin Doherty
Associate Vice President, Business Affairs and Controller
312 369 7162
kdoherly@colum.edu