

**STAFF SUMMARY AND RECOMMENDATION
LOYOLA MARYMOUNT UNIVERSITY
Series 2001B**

**Amendment to Indenture
May 27, 2004**

ORIGINAL ISSUE AMOUNT: SERIES 2001B, \$30,600,000

ISSUE: Loyola Marymount University (“the University”) requests amending the Series 2001B Indenture to allow for auction rate securities as one of the variable interest rate modes for the bonds. The University anticipates converting these bonds, currently variable rate demand bonds with a weekly interest rate reset, effective June 9, 2004.

BACKGROUND: The University issued weekly reset variable interest rate bonds in 2001 and has now determined that it would like to change the interest rate mode from a weekly reset to an auction rate. By changing to an auction rate mode, the University will no longer need a liquidity provider, eliminating bank fees and the periodic need to replace providers. Annual savings to the University is estimated to be \$70,000, largely as a result of lowered fees.

Bond counsel has prepared a supplemental indenture and will issue an opinion that the amendment will not adversely affect the tax-exempt status of the 2001B bonds. MBIA, as bond insurer, has consented to the proposed amendment. Per the provisions of the 2001 Indenture, bondholder consent is not required for this amendment.

RECOMMENDATION: Staff recommends the Authority approve and authorize execution and delivery of the First Supplemental Indenture for Loyola Marymount University’s Variable Rate Demand Revenue Bonds, Series 2001B to provide auction rate securities as one of the interest rate modes for the bonds.