

**^ CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
BOND FINANCING PROGRAM**

EXECUTIVE SUMMARY

| | | | |
|--|---|---|-----------------|
| Applicant: | Golden Gate University San Francisco, California San Francisco County ("The University") | Amount Requested: | \$15,000,000 |
| | | Date Requested: | March 30, 2005 |
| | | Requested Loan Term: | 32 years |
| | | Resolution Number: | 224 |
| Facility Type: | Private University | | |
| Accreditations: | Western Association of Schools and Colleges, American Bar Association | | |
| Use of Bond Proceeds: Bond proceeds will be used to expand, renovate and equip the current school library at the Mission Street property. Proceeds will also be used to expand, renovate and equip the general administration building at the Jessie Street property. | | | |
| Type of Issue: | Negotiated Public Offering, Fixed Interest Rates | | |
| Credit Enhancement: | None | | |
| Expected Credit Rating: | "Baa3" – (Moody's) | | |
| Underwriter: | Prager, Sealy & Co., LLC | | |
| Bond Counsel: | Squire, Sanders & Dempsey LLP | | |
| Financial Overview: Golden Gate University continues to improve its operating results with an increase in investment revenue and a reduction in expenses. The balance sheet remains strong with good liquidity and a stable net asset balance. | | | |
| Sources of Revenues (\$000) - FYE 6/30/04: | | | |
| (Unrestricted Funds) | | | |
| | | <u>Amount</u> | <u>Percent</u> |
| Net tuition and fees | | \$46,095 | 92% |
| Investment revenue | | 1,483 | 2% |
| Other revenue | | 1,184 | 2% |
| Net assets released from restrictions | | <u>1,234</u> | <u>2%</u> |
| Total revenue | | <u>\$49,996</u> | <u>100%</u> |
| Estimated Sources of Funds (\$000): | | Estimated Uses of Funds (\$000): | |
| Bond proceeds | \$15,000 | Renovation | \$21,648 |
| Premium | 138 | Equipment purchase | 1,353 |
| College funds | 2,100 | Development | 1,000 |
| Donor or other funds | 8,000 | Debt service reserve | 799 |
| | | Financing costs | <u>438</u> |
| Total Sources | <u>\$25,238</u> | Total Uses | <u>\$25,238</u> |
| Legal Review: No information was disclosed to question the financial viability or legal integrity of the Applicant. | | | |
| Staff Recommendation: Staff recommends the Authority approve a resolution in an amount not to exceed \$15,000,000 to issue tax exempt revenue bonds for Golden Gate University, subject to a bond rating of at least "Baa3" by a nationally recognized rating agency and the standard bond issuance guidelines. | | | |

**STAFF SUMMARY AND RECOMMENDATION
BOND FINANCING PROGRAM**

March 30, 2005
Resolution Number: 224

GOLDEN GATE UNIVERSITY (“THE UNIVERSITY”)

I. PURPOSE OF FINANCING: Golden Gate University (the “University”) intends to finance various construction, renovation, equipment and furnishings at the University’s main campus at 536 Mission Street and at 40 Jessie Street in San Francisco. This project is a critical component of the University’s strategy to provide high quality professional programs in a well designed and technically oriented teaching and learning facility. In addition to this strategy, the University intends to expand its own property and discontinue leasing other properties. The 2001 bonds are secured by a first lien on the University’s property. The existing first lien will be amended to also secure the proposed 2005 bonds. The following information provides specific project details.

▪ **Renovation**..... **\$21,648,000**

The law school library occupies about 23,300 square feet on the plaza and basement levels of the building at 536 Mission Street in downtown San Francisco. Phase 5 of the University’s project plan is to expand the capacity of the law school library by first adding compact library shelving, which will allow the University to shelve more books than at present. In addition, the University will expand the law school library up one floor to the first level, adding approximately 9,500 square feet for student space, staff areas and shelving. This phase will also relocate the main entrance to the law school library from the plaza level, which is one level below street level, to the first level of the street and the main entrance to the 536 Mission Street building. This project is planned to start in May 2007 and completion anticipated in September 2007.

Phase 4A of the project plan will partially renovate the basement level of the law school library. Compact shelving will be installed to increase the shelving by 6,000 linear feet. The plan will require some reconfiguration of air conditioning, fire sprinklers, lighting and electrical. The basement of the library will remain about 13,500 square feet as before. This project is planned to start in March 2005 and completion anticipated in May 2005.

The 40 Jessie Street building is a 30,200 square foot warehouse type building that was bequeathed to the University and has been used primarily as a storage facility for the past decade. Phase 4B of the project plan will expand the building from two level to three level, and completely renovate the interior for use as a combination student services center and general use university administrative office building. The completed expansion will have approximately 50,000 square feet, with all new building systems and furnishings. Following the expansion, the administrative offices currently occupying the first floor of the west wing of 536 Mission Street will relocate

to the newly renovated space. The vacated space on the first floor of 536 Mission Street is directly above the plaza level of the law school library and will be used for Phase 5 project plan expansion as indicated above. This project is planned to start in April 2006 and completion date anticipated in September 2007.

| | | |
|---|-----------|----------------------------|
| ▪ Equipment purchase | | 1,353,000 |
| The University plans to acquire and install library compact shelving, library equipment, furnishings, and general equipment. | | |
| ▪ Development | | 1,000,000 |
| The project development includes reimbursement for the costs associated with the design, engineering and construction services to occur from March 2004 through the date the proposed bonds are funded for the project. | | |
| ▪ Debt service reserve | | 799,000 |
| ▪ Financing costs | | <u>438,000</u> |
| Costs of issuance | \$120,000 | |
| Underwriting expenses..... | 60,000 | |
| Underwriting discount | 250,000 | |
| Other | 8,000 | |
| Total Uses of Funds | | <u>\$25,238,000</u> |

Financing Structure:

- Negotiated public offering
- Fixed interest rates
- Serial and term bonds
- Expected Baa3 rating (Moody's)
- 32 year maturity
- Debt service reserve fund
- General obligation and gross revenue pledge
- Deed of trust to secure property

[Intentionally left blank]

II. FINANCIAL STATEMENTS AND ANALYSIS:

Golden Gate University

Statement of Activities

Unrestricted (000's)

| | Fiscal Year Ended June 30, | | |
|---|-----------------------------------|------------------|------------------|
| | 2004 | 2003 | 2002 |
| Revenues: | | | |
| Net tuition and fees | \$ 46,095 | \$ 44,424 | \$ 42,187 |
| Investment revenue | 1,483 | 922 | 958 |
| Other revenue | 1,184 | 1,285 | 2,309 |
| Net assets released from restrictions | 1,234 | 1,192 | 1,280 |
| Total revenues | 49,996 | 47,823 | 46,734 |
| Expenses: | | | |
| Instruction and research | 16,126 | 15,441 | 16,263 |
| Academic support | 14,806 | 14,968 | 14,143 |
| Student services | 8,510 | 5,230 | 5,705 |
| Institutional support | 8,200 | 11,839 | 11,791 |
| Auxiliary enterprises | 386 | 271 | 261 |
| Development | 1,495 | 1,233 | 1,204 |
| Total expenses | 49,523 | 48,982 | 49,367 |
| Increase in operating net assets | 473 | (1,159) | (2,633) |
| Non-operating revenues and expenses: | | | |
| Net investment income (loss) | 1,740 | 696 | (559) |
| Net assets released from restrictions | 3,083 | 1,000 | 1,000 |
| Other | (870) | 2,247 | 4,267 |
| Increase in unrestricted net assets | 4,426 | 2,784 | 2,075 |
| Unrestricted net assets, beginning of the year | 54,968 | 52,184 | 50,109 |
| Prior period adjustment | (4,073) (a) | - | - |
| Unrestricted net assets, end of the year | \$ 55,321 | \$ 54,968 | \$ 52,184 |

(a) A prior period adjustment of \$237,714 was required to increase unrestricted net assets and decrease temporarily restricted net assets relating to endowment funds that were incorrectly presented in the prior fiscal year, ended June 30, 2003. In addition, another prior period adjustment of \$4,310,221 was required to decrease unrestricted net assets and increase temporarily restricted net assets in the endowment funds to reflect a change in accounting policy that had occurred in fiscal year, ended June 30, 2000, but had not been reflected in the net asset balance from the earlier period. These adjustments had no impact on the change in net assets for the fiscal year, ended June 30, 2004.

Golden Gate University
Statement of Financial Position (000's)

| | As of June 30 | | |
|---|----------------------|-------------------|-------------------|
| | 2004 | 2003 | 2002 |
| Assets: | | | |
| Cash and cash equivalents | \$ 9,076 | \$ 10,092 | \$ 13,900 |
| Short-term investments | 30,338 | 25,185 | 13,691 |
| Accounts and other receivable | 3,821 | 5,864 | 7,166 |
| Prepaid expenses, deposits and other assets | 824 | 1,131 | 977 |
| Total current assets | <u>44,059</u> | <u>42,272</u> | <u>35,734</u> |
| Contributions and notes receivable | 4,107 | 3,852 | 4,615 |
| Debt reserve fund | 2,040 | 2,040 | 2,040 |
| Bond issuance costs | 477 | 495 | 513 |
| Investments | 18,127 | 15,488 | 14,910 |
| Plant facilities, net | 43,881 | 42,336 | 45,173 |
| Total non-current assets | <u>68,632</u> | <u>64,211</u> | <u>67,251</u> |
| Total assets | <u>\$ 112,691</u> | <u>\$ 106,483</u> | <u>\$ 102,985</u> |
| Liabilities and Net Assets: | | | |
| Accounts payable | \$ 834 | \$ 2,131 | \$ 1,721 |
| Accrued expenses | 5,885 | 3,016 | 5,287 |
| Deferred revenue | 623 | 619 | - |
| Capital lease obligation | - | - | 112 |
| Interest payable | 387 | 387 | 387 |
| Total current liabilities | <u>7,729</u> | <u>6,153</u> | <u>7,507</u> |
| Other liabilities | 123 | 315 | 527 |
| Deferred revenue | 1,886 | 2,502 | - |
| Bonds payable | 28,987 | 28,973 | 28,959 |
| Other reserves | 75 | 155 | 130 |
| U.S. Government grants refundable | 2,031 | 1,980 | 1,955 |
| Total non-current liabilities | <u>33,102</u> | <u>33,925</u> | <u>31,571</u> |
| Total liabilities | <u>40,831</u> | <u>40,078</u> | <u>39,078</u> |
| Unrestricted net assets | 55,321 | 54,968 | 52,184 |
| Temporarily restricted net assets | 8,732 | 4,176 | 4,905 |
| Permanently restricted net assets | 7,807 | 7,261 | 6,818 |
| Total net assets | <u>71,860</u> | <u>66,405</u> | <u>63,907</u> |
| Total liabilities and net assets | <u>\$ 112,691</u> | <u>\$ 106,483</u> | <u>\$ 102,985</u> |

Financial Ratios:

| | Proforma (a) | | | |
|---|--------------------------|-------------|-------------|-------------|
| | FYE June 30, 2004 | 2004 | 2003 | 2002 |
| Debt service coverage (x) | 3.02 | 5.69 | 4.42 | 3.47 |
| Debt to expendable net assets (x) | 0.68 | 0.45 | 0.48 | 0.50 |
| Expendable net assets to operations (x) | | 1.29 | 1.21 | 1.16 |
| Margin (%) | | 8.2% | 5.4% | 4.0% |

(a) Recalculates 2004 audited results to include the impact of this proposed financing.

Financial Discussion:

Golden Gate University continues to improve its operating results with an increase in investment revenue and a reduction in expenses.

Tuition and fees are the main sources of revenue for the University representing 92% of total revenues in fiscal year 2004. Following the “dot com” bust and the dramatic downsizing of the telecommunications industry, the University’s technology school enrollment dropped nearly 70% in just four years. During the last six years, total enrollment has declined while a variety of core courses in business were added to graduate programs to attract students. However, these new programs were not focused and resulted in smaller class size, which made it difficult to allocate limited resources, both in terms of faculty and budget.

The University’s management took the initiative in fiscal year 2001 to address declining enrollment. While the enrollment declined for the fiscal years 2002-2004 under review, total revenues increased by 6%. The net tuition and fees increased by 9% due to the fact that tuition and fees has gone up each year and the program enrollment mix has shifted from undergraduate to graduate and from technology to law. The other revenue decreased in fiscal year 2003 due to the low commission from the bookstore revenue. Generally, the expenses remained stable. The other non-operating item had a loss in fiscal 2004 due to the cessation of rental income activities. On the contrarily, non-operating revenues with the increases in net investment income and the release of net assets funds from endowments significantly contributed to the profit margins ranging from 4% to 8%.

The University focused on instruction, academic and student needs, while cutting back on institutional, auxiliary enterprise and development activities. There was a significant downsizing of the University personnel. The size and scope of non-San Francisco teaching locations were reduced. The University has significantly restructured its financial position by selling surplus real estate, initiating capital fund raising and improving cash and investment management. Even with the decline in enrollment and downsizing of the real property, the unrestricted net assets increased by 6% over the review period. However, with the stagnant enrollment level, the University only projects an increase in unrestricted net assets of approximately \$1.5 million for fiscal year 2005. New strategy will improve facilities, technology capabilities and quality of instruction to increase student enrollment in the business undergraduate and graduate-law degree completion market.

The balance sheet remains strong with good liquidity and a stable net asset balance.

The University has a strong balance sheet with cash and short-term investments accounting for 25% to 35% of the total assets. Accounts and other receivable have decreased by 47%, and so are accounts payable, which has decreased by 52%. The University is slightly leveraged with a proforma debt to expendable net assets ratio of .68x. In addition, the University has sufficient net assets to cover at least one times the operating cost as indicated by expendable net assets to operations ratio, which ranges from 1.16x to 1.29x over the review period. With this proposed loan, management anticipates meeting all of its debt obligations, as evidenced by a proforma debt service coverage ratio of 3.02x.

III. STUDENTS, COLLEGE COSTS, AND FACULTY STATISTICS:

Applicant Pool

The following tables set forth applications, admissions and new enrollments for the undergraduate, graduate and law school program in the last five academic years:

Undergraduate

| <u>Fall Semester</u> | <u>Number of Applications</u> | <u>Offered Admission</u> | <u>Selectivity Ratio</u> | <u>New Enrollments</u> |
|----------------------|-------------------------------|--------------------------|--------------------------|------------------------|
| 2000 | 667 | 342 | 51% | 118 |
| 2001 | 491 | 272 | 55% | 124 |
| 2002 | 379 | 258 | 68% | 210 |
| 2003 | 336 | 208 | 62% | 153 |
| 2004 | 361 | 208 | 57% | 152 |

Graduate including Law School

| <u>Fall Semester</u> | <u>Number of Applications</u> | <u>Offered Admission</u> | <u>Selectivity Ratio</u> | <u>New Enrollments</u> |
|----------------------|-------------------------------|--------------------------|--------------------------|------------------------|
| 2000 | 3,306 | 1,983 | 60% | 524 |
| 2001 | 3,117 | 1,999 | 64% | 696 |
| 2002 | 3,156 | 1,932 | 61% | 946 |
| 2003 | 3,626 | 1,933 | 53% | 1039 |
| 2004 | 4,169 | 1,904 | 46% | 914 |

Enrollments and Degrees

The University's enrollment has declined from 3,585 to 2,777 for full time equivalent (FTE) students over the last six years. The following table sets forth the University's full time equivalent fall semester enrollment for the past six years and the current academic year together with the number of degrees conferred in each such year completed.

| <u>Academic Year</u> | <u>Enrollments *</u> | | | <u>Degrees Awarded</u> | | |
|----------------------|--------------------------|---------------------|------------------|-----------------------------|------------------------|----------------------|
| | <u>Undergraduate FTE</u> | <u>Graduate FTE</u> | <u>Total FTE</u> | <u>Undergraduate Degree</u> | <u>Graduate Degree</u> | <u>Total Degrees</u> |
| 1998-99 | 910 | 2,675 | 3,585 | 287 | 1,274 | 1,561 |
| 1999-00 | 881 | 2,654 | 3,535 | 358 | 1,221 | 1,579 |
| 2000-01 | 842 | 2,529 | 3,371 | 354 | 1,260 | 1,614 |
| 2001-02 | 568 | 2,747 | 3,315 | 168 | 1,128 | 1,296 |
| 2002-03 | 563 | 2,571 | 3,134 | 276 | 1,329 | 1,605 |
| 2003-04 | 391 | 2,386 | 2,777 | 256 | 1,435 | 1,691 |

* Enrollment excludes FTEs for part-time students, since information not provided.

Comprehensive Fees

Tuition and fees rates may vary based on the academic program and campus location. Tuition is based on the total course cost for a 3-unit course (4-unit EMPA and Doctoral courses), including standard fees. The following table provides tuition and fee data at the University for each of the current and four most recent academic years. As the University does not maintain residence facilities, room and board fees are not collected.

Tuition and Fees

| Academic Year | Undergraduate | Ageno (a) | Taxation (b) | DBA (c) | EMBA (d) | EMPA (e) | Law (f) |
|---------------|---------------|-----------|--------------|----------|----------|----------|----------|
| 2000-01 | \$8,832 | \$12,000 | \$16,500 | \$16,680 | \$32,508 | \$7,128 | \$21,808 |
| 2001-02 | \$9,192 | \$12,720 | \$17,490 | \$17,256 | \$34,992 | \$7,560 | \$22,910 |
| 2002-03 | \$9,600 | \$13,248 | \$18,240 | \$18,000 | \$36,000 | \$7,872 | \$24,476 |
| 2003-04 | \$9,984 | \$13,776 | \$18,960 | \$18,624 | \$37,440 | \$8,208 | \$25,433 |
| 2004-05 | \$10,320 | \$14,256 | \$19,620 | \$19,080 | \$40,000 | \$8,640 | \$26,680 |

(a) Ageno School of Business and School of Technology, excluding EMBA, EMPA and DBA, (b) School of Taxation, (c) Doctor of Business Administration, (d) Executive Master of Business Administration, (e) Executive Master of Public Administration, (f) School of Law.

Faculty Summary

The following table reflects the number of full-time and part-time faculty appointments for the current and past five academic years, as well as the number of full-time faculty with tenure. The data is for instructional faculty only, and excludes deans, associates deans, administrators and librarians who may hold faculty rank.

Faculty Positions

| Academic Year | Tenured | Non-Tenured | Full Time | FTE Part Time | Total FTE | Student/Faculty Ratio |
|---------------|---------|-------------|-----------|---------------|-----------|-----------------------|
| 1998-99 | 29 | 67 | 96 | 150 | 246 | 14.57:1 |
| 1999-00 | 41 | 54 | 95 | 155 | 250 | 14.14:1 |
| 2000-01 | * | * | * | * | * | * |
| 2001-02 | 41 | 54 | 95 | 166 | 261 | 12.70:1 |
| 2002-03 | 31 | 50 | 81 | 202 | 283 | 11.35:1 |
| 2003-04 | 31 | 46 | 77 | 197 | 274 | 11.77:1 |

* Information not provided.

Of the 77 full-time faculty in 2003-2004, 37 are professors, 25 are associate professors, 12 are assistant professors and 3 are instructors. Approximately 40% of the full-time faculty is tenured. The current student/faculty ratio is 12 to 1. Approximately 28% of the faculty is women and 15% of the faculty represents minority faculty appointments. In addition to the full-time and part-time faculty, the University employs 243 staff.

IV. BACKGROUND:

General:

From its start over 100 years ago as the night school of the San Francisco YMCA, Golden Gate University has been serving adults who bring experience to the classroom and who expect to get the professional practice education they need to succeed.

The curriculum and the faculty are chosen to provide a combination of relevant concepts and models as well as a working practical knowledge of current practice in each class. Full-time and part-time faculty has excellent academic credentials as well as hands-on management and/or practitioner experience. Programs are designed with an eye to preparing students for success, whether they are already working in their chosen profession, or hope to change careers after they graduate.

Whether in their undergraduate or graduate programs, University students are usually adults between 21 and 50+ (average age 30-35), with a wide variety of work experiences. About 70% of University students continue to work full time while attending school. University students come from all walks of life and are ethnically and culturally diverse. A significant portion of the students (about 15%) come to the University from other countries, including countries in Asia and the Pacific Rim, Europe, South America, Africa and the Middle East.

Traditional universities are organized around the expectation that students are seeking basic, general education and are coming as undergraduates directly from high school. These students attend full time, live on campus and look to the school for their social development as well as an education. In contrast, University programs are designed to meet the needs of adult students. Classes are scheduled so that students can attend after work or on weekends and many classes and degree programs can be taken completely online. Instead of fraternities and football games, the University is focused on each individual student's advancement as a working professional.

The University offers programs in the areas for which it has a long-standing quality reputation: Business, Law, Technology, and Taxation. All University programs are defined by a few core principles: They are career focused, contemporary, practical and based on real marketplace needs.

Board of Trustees:

The University is governed by a self-sustaining Board of Trustees, comprised of between 20 and 47 leaders in business and the community. Trustees may serve a maximum of three three-year terms.

The Board of Trustees is responsible for the overall management of the University, including its physical assets, development programs, academic policy, long-range planning, and financial and budgetary affairs. The Board of Trustees has four standing committees: Executive, Academic Programs, Finance and Operations and Development.

Accreditation and Affiliations:

The University is accredited by the Western Association of Schools and Colleges (WASC). The most recent accreditation visit by WASC was completed on November 28 2001. The Law School is also accredited by the American Bar Association (ABA), the State Bar of California and the Association of American Law Schools (AALS).

Academic Programs:

School of Business. The School of Business offers a business curriculum that provides a variety of options and allows students to tailor their education to fit their interests and professional needs. The University offers business programs at the undergraduate, graduate, and doctoral level. Students can choose a generalized curriculum that addresses each important aspect of business practice towards the Bachelor in Business Administration (BBA) and Masters in Business Administration (MBA) degrees. Alternatively, students may focus in more depth on a particular area within business, choosing among many Bachelor of Science or Master of Science programs. Students may combine both a general curriculum with some emphasis on a specific area. Students can accomplish this through taking a concentration in the BBA or MBA program.

School of Law. Golden Gate University School of Law is one of the oldest law schools in the western United States. It is fully accredited by the American Bar Association and the Committee of Bar Examiners of the State of California and is a member of the Association of American Law Schools. Graduates qualify to take the Bar in all 50 states and in the District of Columbia. The Law School offers a full-time day program and a part-time evening program leading to the Doctor of Jurisprudence (J.D.) degree. Students may also earn combined degrees. The Law School also offers four Master of Law (LL.M). and one Doctor of Juridical Science (S.J.D). graduate programs. Its midyear admission program allows students to start law school in January.

Golden Gate University School of Law has a history of developing programs to meet the demands of law students, the community, and the legal profession. The Public Interest Scholars Program encourages students to use their legal education to serve their communities. In addition, the Law School's on-site Women's Employment Rights Clinic and Environmental Law and Justice Clinic provide opportunities for students to work with real clients who may not otherwise have access to legal counsel. In the 1980s, the Law School responded to the needs of the legal community by developing a graduate legal program in Taxation and in the 1990s with graduate programs in Environmental Law, International Legal Studies Program, and U.S. Legal Studies. In 1998, the Law School established the Honors Lawyering Program through which students participate in two full-time, semester-long legal apprenticeships. Most recently, a program in Intellectual Property Law was developed.

School of Taxation. Golden Gate University has earned a reputation for providing the most comprehensive and applicable tax education available. Its program is the largest and one of the most respected graduate tax programs in the country, with many of the Big Five firms hiring University graduates and regularly sending their employees to the University to update their tax education.

The degree of Masters in Taxation (whether offered in the “online” mode or the traditional “in-person” mode) is fully accredited by the Western Association of Schools and Colleges. Tax programs include Master of Science in Taxation, Graduate Certificate in Taxation, Graduate Certificate in Estate Planning, Graduate Certificate in Advanced Studies in Taxation, Graduate Certificate in International Taxation, and U.S. Federal Tax Practice Certificate. Specialized certificates in Estate Planning and International Taxation may be earned after completion of at least 15 units of coursework in the specific area. Credit earned for certificate programs may be applied toward the Master of Science in Taxation to be pursued at a later time. The programs are offered full-time, part-time, and online.

School of Technology. The School of Technology updated its degree offerings beginning in fall of 2004 to stay current with the latest technological trends and relevant to the work place. The resulting four new degree programs were designed in alliance with Bay Area business and technology experts to reflect the convergence taking place in information technology and today’s enterprises. These degrees deliver a balance of a solid understanding in technical areas with a foundation in business and management competencies.

The University’s distance learning and cohort programs provide an alternative to the traditional classroom. Use of conferencing technology has established the University as a leading provider of distance learning, enabling students to take courses at work or at home.

The Preparation in Language and University Studies (PLUS) is an intensive, academic preparation program that teaches English to students from around the world and is located in San Francisco. Many PLUS students are applicants to the undergraduate, graduate, MBA, and certificate programs offered by the University.

Competiton:

The University’s competing institutions are the University of San Francisco, California State Universities, Santa Clara University, St. Mary’s College, Dominican University of California, College of Notre Dame and the University of Phoenix. Increasingly, corporate training programs also offer competition as corporations scale back on tuition reimbursement benefits in favor of targeted training in specific areas of interest.

The University’s success and reputation as a leading provider of professional practice oriented academic programs has allowed the University to establish niche markets for its specialized programs. The University has decided to move away from the traditional academic trend of competing for all student population. The University has refocused its resources to core courses and reduced the number of academic classes.

V. OUTSTANDING DEBT (\$000's):

| Issue: | Original Amount | Amount Outstanding As of 6/30/04 * | Estimated Amount Outstanding after Proposed Financing |
|-------------------|------------------------|---|--|
| Existing: | | | |
| CEFA Series 2001 | \$30,000 | \$ 29,360 | \$29,360 |
| Proposed: | | | |
| CEFA Series 2005 | 15,000 | -0- | 15,000 |
| TOTAL DEBT | | \$29,360 | \$44,360 |

* Bonds payable reported in the statement of the financial position is CEFA Series 2001 outstanding balance net of unamortized bond discount.

VI. LEGAL REVIEW:

Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed to question the financial viability or legal integrity of this applicant.

VII. STAFF RECOMMENDATION:

Staff recommends the Authority approve a resolution in an amount not to exceed \$15,000,000 to issue tax exempt revenue bonds for Golden Gate University, subject to a bond rating of at least "Baa3" by a nationally recognized rating agency and the standard bond issuance guidelines.

[Intentionally left blank]